

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Thursday July 17 1986

D 8523 B

Pressure mounts
on the
Sandinistas, Page 4

Australia	100.20	Indonesia	16.2500	Philippines	100.20
Bahamas	100.00	Iran	16.3500	Portugal	100.00
Bahrain	100.00	Italy	11.1500	S. Africa	100.00
Belgium	100.00	Japan	11.1500	Sweden	100.00
Canada	100.00	South Korea	11.1500	Switzerland	100.00
Denmark	100.00	Taiwan	11.1500	USA	100.00
France	100.00	Thailand	11.1500		
Germany	100.00	West Germany	11.1500		
Greece	100.00	Yemen	11.1500		
Hong Kong	100.00				
India	100.00				

No. 29,982

World news Business summary

Moscow insists on summit condition

Moscow insists on significant arms control progress as an essential condition for agreeing to another Soviet-US summit.

May wins battle for Associated Dry Goods

MAY Department Stores, third biggest US department store group, has won its long running battle to take over Associated Dry Goods, fourth largest US department store group, with a sweetened offer worth around \$2.5bn. Page 13

East bloc concession

The Warsaw Pact announced an important concession at the European disarmament talks in Stockholm, agreeing to postpone discussion of air force activities, one of the main stumbling blocks.

'Spy' scientist

East Germany demanded the immediate return of a senior East German scientist it claims was kidnapped by Bonn's intelligence agents. Bonn says he is under investigation for spying.

Refugee dilemma

The tide of political refugees into West Germany has become an explosive political issue in Bonn, putting considerable strain on its relations with East Germany, through which most of them arrive. Page 2

Pakistan praised

President Reagan lavished praise on Pakistan during a welcoming ceremony at the White House for Prime Minister Muhammad Khan Junejo, saying it was "starkly in its opposition to the Soviet Union's brutal aggression" in Afghanistan. Page 4

Mubarak's tour

President Hosni Mubarak of Egypt began a four-nation European tour in Rome, seeking increased Western economic support for his heavily indebted country. Later, he arrived in Paris.

Warning by Aquino

President Corason Aquino of the Philippines vowed to punish severely any military attempts to destabilise her five-month-old government and promised to continue her reform programme. Page 3

Haiti death sentence

Haiti's former security police chief under the two Duvalier dictatorships, Luc Desny, was found guilty in Paris of crimes of murder and torture and sentenced to death. Page 4

Arms fraud charge

A Washington jury indicted Litton Systems, a major arms contractor, and two former executives of the defence department of \$8.5m. The Justice Department said a \$15m penalty had been agreed. Page 4

Spacemen return

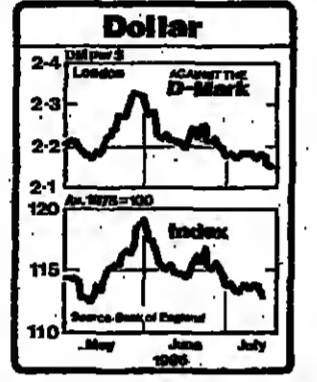
Soviet cosmonauts Leonid Kizim and Vladimir Solovoy returned to earth after 125 days in space preparing the Mir orbital station for eventual permanent manning.

Briton accused

Briton John Robinson and South African Kelvin Joubert are being held in Zambia, accused of planning to supply South Africa with classified information about Zambia's crucial copper mining industry.

Miners feared dead

Rescuers held little hope of finding alive 12 coalminers trapped underground at Moura in Queensland because of the presence of carbon monoxide gas.



DOLLAR fell in London to DM 2.1495 (DM 2.1660); FF 6.9425 (FF 6.9925); SF 1.7420 (SF 1.7595), and ¥158.25 (¥159.45). On Bank of England figures the dollar's index fell to 112.9 from 113.3. Page 29

STERLING gained 1.8 cents in London to close at \$1.5135. It also rose in DM 2.3235 (DM 2.3400); FF 10.5875 (FF 10.4575); SF 2.6375 (SF 2.6300), and ¥238.75 (¥238.50). Page 23

GOLD rose \$0.50 to \$347.25 on the London bullion market. It also rose in Zurich to \$347.70 from \$346.20. In New York the Comex August settlement was \$348.7.

JAPAN said it would not participate in a Gatt investigation panel, proposed by the US, into Japanese import curbs on 12 agricultural products, said to include peanuts, fruit juices and prepared beef products.

WEST GERMANY relaxed telecommunications rules and said it would allow private companies to supply certain equipment such as modems.

BOON Government should speed up plans for a major tax reform, underpinned by cuts in subsidies and tax benefits, if it wants to consolidate its current steady economic upswing, according to an OECD report. Page 2

SCHERING, West German pharmaceutical and chemical company, has sold its US fine chemicals subsidiary Nepera, to the CasChem group in New Jersey for an undisclosed sum. Page 15

APPLE Computer, Silicon Valley personal computer manufacturer, reported sales and profit growth in its third fiscal quarter despite a general softness in the US personal computer market. Page 13

BURROUGHS, US computer company whose recent merger agreement with Sperry will create the second biggest group in the industry after IBM, announced a 41 per cent increase in net income during the second quarter to \$76.2m (\$1.61 a share) from \$54.1m (\$1.19 a share) in the same period a year earlier. Page 13

BELGIUM'S biggest and most powerful industrial holding group, Société Générale de Belgique, announced total consolidated profits of BF 5.33bn (\$118m), a 40 per cent increase on the 1984 figure. Page 15

BANQUE INDOSUEZ, internationally-operating French bank, has bought a majority stake in GNP Commodities, a financial trader on the Chicago futures markets. Page 15

Governments plan world crackdown on insider dealing

BY DAVID MARSH IN PARIS AND CLIVE WOLMAN IN LONDON

A SERIES of bilateral agreements aimed at cracking down on international securities fraud, in particular insider dealing, are expected to be signed in mid-September between the UK, the US, Japan, France and possibly other European countries.

Mr John Shad, chairman of the Securities and Exchange Commission (SEC), the US stock markets watchdog, yesterday told a conference in Paris that inter-governmental discussions were approaching a successful conclusion. His remarks were confirmed by officials in Britain's Trade and Industry Department.

The agreements, which the UK Government expects to be followed by a more formal set of treaties, would facilitate the exchange of information between national regulatory bodies about illicit trading in the securities markets of different countries. Among the more controversial issues that have not yet been fully resolved are whether one country would have the right to subpoena witnesses, search premises and seize documents relating to suspected fraudsters in another country.

Britain's most active negotiations, which have involved Mr Michael Howard, the Corporate and Consumer Affairs Minister, have been with the US.

Tension between the two countries over co-operation to combat commercial crime has mounted on several occasions over the past three years. Many of the cases have arisen either from "insider dealing," the use of confidential information about a company to make an illicit stock market profit often using accounts in a foreign country, or attempts by the US Government to enforce its ban on the export of defence-sensitive computer technology to Warsaw Pact countries.

The UK has also been discussing agreements to facilitate co-operation with Japan, France - in the context of discussions about the involvement of London merchant banks in proposed French privatisation issues - and the Netherlands, where telephone share-pushers have caused concern among the authorities.

The Washington-based SEC has led the way in demanding greater international co-operation. After several countries protested against its enforcement activities beyond US borders, it has recently adopted a more diplomatic approach.

Mr Shad, speaking at the annual meeting of the International Association of Securities Commissions (IASCO), indicated that its new approach was now leading to results.

Mr Shad said that the SEC and the US Justice Department increasingly needed international collaboration to follow up investigations on securities infringements committed in the US by foreigners. In the same way, he suggested, foreign countries would need help and information from the US to crack down on possible abuses in their own markets originating from traders in the US.

Accelerating electronic information, trading and settlement links between the world's stock exchanges were leading to a vast increase in cross-border trading, he said.

The number of companies with shares trading actively in more than one country, presently estimated at 473, could grow fivefold by 1990, he said.

Mr Shad called on foreign countries to lift bank secrecy rules and blocking statutes - which protect its citizens from being called as witnesses by the US justice authorities - in cases where the regulations were being used as a cover for securities market crimes.

"Citizens rarely invest in secrecy havens. They merely use them to conceal their illicit transactions," he said.

Securities market regulators point out that international investigation is often hampered by the fact that national laws are often out of step.

Reform plans will sharpen regulatory teeth, Page 16

Pressure on Reagan as Howe warns of sanctions

By Michael Cassell in London and Reginald Dale in Washington

SIR GEOFFREY HOWE, Britain's Foreign Secretary, yesterday gave an explicit warning that further economic measures against South Africa were likely if his mission to the country ends in failure.

Sir Geoffrey, who leaves today for the US for meetings with Mr George Shultz, the Secretary of State, and Vice President George Bush before going on to South Africa, told the House of Commons that international agreement on a new package of measures would have to be considered unless his talks brought "tangible and substantial progress."

Sir Geoffrey's statement represented the firmest indication yet that, despite its reluctance to impose additional measures on South Africa, the British Government could soon be forced to take further action if its latest initiative fails to bring a positive response from Pretoria.

Sir Geoffrey will find the Reagan Administration engaged in a difficult rearguard action against mounting congressional pressure for tough new US sanctions against South Africa.

With sanctions legislation starting its journey through the Republican-led Senate, congressional leaders said that a large majority was now ready to vote for stringent anti-apartheid measures, which the Administration still strongly opposes.

The toughness of the measures, however, is likely to depend on how far the Administration comes up with new ideas on dealing with Pretoria in its current review of US South African policy.

Mr Shultz is expected to present an outline of the review's conclusions at a Senate Foreign Relations Committee next Wednesday. One plan under consideration is the appointment of the first black US Ambassador to Pretoria, with Mr Robert Brown, a North Carolina businessman, the leading candidate.

President Ronald Reagan, while welcoming "constructive ideas" from Congress, has made it plain that he does not want to abandon

Paris warned on foreign share stakes

BY DAVID HOUSEGO IN PARIS

THE EUROPEAN Commission has informally warned the French Government that key articles in its privatisation proposals limiting share ownership by foreigners run counter to EEC law.

Britain's Lord Cockfield, commissioner for the internal market, made Brussels' view clear to the French on the basis of the draft privatisation decree submitted by the Paris government last week. The Commission was concerned in particular that the 15 per cent ceiling on foreign ownership in newly privatised groups would violate EEC legislation by discriminating between the French and other EEC citizens.

A French Government spokesman admitted yesterday "that these are things to discuss," but he argued that the exceptional size of the French privatisation programme meant that it could not be treated on the same basis as the daily movements of capital within the EEC which are governed by the Treaty of Rome.

The fresh complication for the government's privatisation programme surfaced yesterday as Mr Jacques Chirac, the Prime Minister, confirmed that he would transform the privatisation decree into a law that will be put before the National Assembly this month.

At the weekly Cabinet meeting

BankAmerica tumbles to unexpected \$640m loss

BY WILLIAM HALL IN NEW YORK

BANKAMERICA Corporation, the struggling west coast banking giant, yesterday stunned Wall Street by announcing a \$640m second quarter loss, the second biggest quarterly loss ever by a US commercial bank.

America's second biggest banking group said that it was increasing its reserves for future loan losses by \$600m to a total of \$2.2bn, which would result in a net loss per share of \$4.25. Before the announcement, the group had been expected to report a profit of around \$60m, or 30 cents a share.

The news of the massive loss, which is second only to the \$1.2bn quarterly loss announced by Continental Illinois two years ago, shocked many Wall Street bank analysts. After losing over \$500m in two of the previous four quarters, the group had earned \$63m in the first quarter of 1986 and had been indicating that the worst was over. BankAmerica shares fell by 3 1/2 to \$14 in heavy trading yesterday morning.

Mr Samuel Armacost, the group's 46-year-old chief executive, said yesterday that the decision to increase loan loss reserves stemmed principally from "the impact of lower oil prices on regional economies, the oversupply of commercial real estate space in most markets and the increasing stresses in the private sector of the world, we are very cognizant of the size of this increase," said Mr Armacost, who added that "the action reflects the unmistakable reality of these conditions and the effects they might have on our portfolio over time."

After the sharp increase in reserves against future losses, to 2.67 per cent of loans outstanding, BankAmerica said that it had the highest loan loss reserve ratio of any major US bank and its primary capital ratio of 6.14 per cent was virtually unchanged and within the regulatory guidelines.

Mr Armacost stressed yesterday that the corporation's liquidity and funding capacity remained strong. "We have a newly constituted management team in place and it is addressing the issues before it aggressively," he said, adding that "the decisions taken during the quarter will accelerate our progress along

Fears of intervention cushion dollar's fall

BY GEORGE GRAHAM IN LONDON AND CARLA RAPOPORT IN TOKYO

FEAR of central bank intervention helped to prop the dollar up yesterday but could not prevent the US currency from falling to a record low against the yen.

Amid predictions from US economists that it could fall as low as ¥150 and DM 2.00, the dollar slid in Tokyo before steadying somewhat in European trading. It closed in London at ¥158.35, a drop of over ¥1, and fell 1.85 pfennig to DM 2.1495, its lowest closing price against the D-Mark for five years.

Mr Satoshi Sumita, governor of the Bank of Japan, said that he did not expect the yen to continue climbing against the dollar, but he said the Bank had "no intention" of lowering its official discount rate for the fourth time this year. Currency traders said the Bank bought around \$100m yesterday to ease the dollar's fall.

With mounting anxiety in West

Cocoa agreement reached

BY WILLIAM DULLFORCE IN GENEVA AND ANDREW GOWERS IN LONDON

COCOA producing and consuming countries reached agreement yesterday in Geneva on the essential elements of a five-year pact to stabilise world cocoa prices.

The achievement of a new International Cocoa Agreement, to replace the current pact which expires at the end of September, it followed an intense round of diplomatic activity - particularly between the Ivory Coast, the biggest cocoa producer, and France, its key European ally.

The Ivory Coast refused to join the present agreement, which has been inoperative since 1982, but has accepted the terms of the new one.

The successful outcome contrasts with the collapse of the International Tin Agreement last October and the severe difficulties being encountered in talks on a renewal of the International Natural Rubber Agreement. It will come as a surprise to many in the commodity markets, after the increasingly vocal expression of doubts about the effectiveness of international price-stabilisation agreements.

The two sides have agreed that prices in the new agreement should be expressed in Special Drawing Rights (SDRs) - the currency basket established by the International Monetary Fund (IMF) - rather than in dollars. This should impart greater stability by dampening out exchange rate fluctuations, and was a key demand of the consuming countries.

Apart from the Ivory Coast, producing members of the new agreement will include Nigeria, Ghana and Brazil.

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Section III

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OVERSEAS NEWS

Botha challenges sanctions with jet fighter

By Bernard Simon in Johannesburg

SOUTH AFRICAN President P. W. Botha used the unveiling of a partly South African-designed fighter aircraft yesterday to deliver one of the Pretoria Government's most forceful statements on its determination to resist international sanctions.

Launching a reconstructed version of the French-built Mirage III jet which has been flown by the South African Air Force for the past 24 years, Mr Botha said that "we will not allow ourselves to be humiliated and undermined in order to escape sanctions. We are not a nation of jellyfish."

debate on sanctions against South Africa will reach a climax in the next few weeks with the mission by Sir Geoffrey Howe, Britain's Foreign Secretary, to South Africa on behalf of the European Community and the forthcoming meeting in London of seven Commonwealth heads of state to discuss the imposition of sanctions against Pretoria.

It has been known for some time that the air force was anxious to find a replacement for the ageing Mirages, which were bought before France

joined the arms embargo. Gen Denis Eap, the chief of the air force, said yesterday that the Cheetah is "in many aspects comparable to the best in the world," and matches the Soviet MiG 23 fighter which is deployed in Angola.

Aquino says she will press on with reform

By Chris Sherwell in Manila

PRESIDENT Corason Aquino of the Philippines yesterday vowed to punish severely any military attempts to destabilise her five-month-old government and promised to continue her reform programme.

Company in China allowed to declare itself bankrupt

A FACTORY in China has announced it is bankrupt, the first since the Communists took power in 1949, in what diplomats said was a victory for reformists over hardliners.

China yesterday strongly rejected charges that its troops had intruded into India last month and said that Indian troops regularly made incursions into China, Reuter reports from Peking.

Emigration at record level

By Our Johannesburg Correspondent

EMIGRATION from South Africa has reached record levels, heightening concern at the escalating drain of skilled manpower from the country.

According to the Government's Central Statistical Services, the number of emigrants soared to 4,760 in the first four months of this year, from 2,948 in January-April 1985. Inmigrant numbers fell from 7,959 to 2,608. The net loss of 2,187 is more than double the previous record set in 1973 when 1,000 more left than arrived.

About one-sixth of emigrants in the first four months of this year were professional and technical workers, including substantial numbers of engineers and accountants.

Were it not for a weak rand and exchange controls the outflow of emigrants would almost certainly have been considerably greater. Emigration is a constant topic of conversation among middle and upper-income English-speaking whites.

Australia appears to be the most popular destination, thanks to its relatively liberal immigration laws and a similar climate and lifestyle to those enjoyed in South Africa.

Bernard Simon looks at key weapons of the Bureau of Information Academics 'prove' emergency works

AS South Africa's state of emergency enters its second month, two bolder Afrikaans academics have emerged as key weapons in the Government's efforts to show the world that its tough tactics are paying dividends.

Dr Kobus Neethling and Mr David Venter, both researchers at the Government's Bureau of Information in Pretoria, are employed to give the state of emergency a scientific interpretation.

With backgrounds in child psychology and education (Dr Neethling has a doctorate in children's literature), they appear regularly at the bureau's press briefings and on local television armed with an array of statistics, charts and tables which are meant to prove that the emergency is achieving its aims.

Dr Neethling and Mr Venter had soothing news for white South Africans when they were gently interviewed on Government-controlled television at prime time on Sunday evening.

Listeners have few ways of verifying that conclusion. One leading South African newspaper points out in a page one box each day: "This issue has in effect been censored. All unrest information involving the security forces in any way has been sifted and provided by the Government's Bureau for Information."

The bureau is the sole source of publishable material on unrest and other aspects of the emergency, and its officials prefer not to dwell on less pleasant aspects of these unsettled times.

At least 160 people have been killed since June 15, when the emergency was declared. Another 3,500 people are reported to be in jail without access to lawyers. Four journalists and two missionaries have been deported. Fourteen bombs have exploded, killing three people and injuring more than 100.

Labour unrest has continued, partly in protest against the arrest of trade union organisers. Many employers complain that the detentions have exacerbated shop-floor tensions and complicated labour negotiations.

On the other hand, there is evidence of mounting tensions in some rural parts of the country. The police shot dead 10 suspected African National Congress insurgents in two

separate incidents in the Eastern Cape and Northwest Transvaal last week. Many of the incidents reported by the bureau have taken place in the impoverished KwaNdebele homeland outside Pretoria.

Dr Neethling asserts that "terrorist-related incidents" need to be seen in their "proper perspective." He and Mr Venter break their statistics down into geographical areas and types of incidents.

Among the half-dozen charts which accompanied a bureau press release last week was one dividing "incidents" into eight categories, ranging from murder and arson to intimidation, illegal gatherings and "other."

Mr Venter told his television audience that it is "very interesting" that 7.9 per cent of incidents in the past month were robberies. "It's very difficult to distinguish unrest incidents from common crime," he argued.

of incidents took place in three areas (the East Rand, the Eastern Cape and KwaNdebele) shows that "the greatest part of the country is in relative calm," Mr Venter said.

Dr Neethling, who said in an interview that he and Mr Venter come from "the creativity school (of behavioural psychology)," concedes that measuring a state of emergency is not an exact science.

The two men are thus trying to improve their techniques with the aim, according to Dr Neethling, of analysing data "pertaining to the psychological climate." They have commissioned universities and research groups to conduct surveys on such topics as South Africans' "perception of leadership" and their sense of safety.

No one should be surprised if these surveys reinforced the rosy findings of the past few weeks. Dr Neethling says that "if you extrapolate (the recent) trend into the future, I believe one can look forward to a climate in which meaningful reform can proceed."

VIOLENCE LEAVES 12 DEAD

Twelve blacks were killed in a partially burnt house in KwaNdebele homeland north of Pretoria. "It is believed that the men were shot with an AK-47 rifle and then set alight together with the house," the bureau said.

The dead were found by police in a partially burnt house in KwaNdebele homeland north of Pretoria. "It is believed that the men were shot with an AK-47 rifle and then set alight together with the house," the bureau said.

Palestinian students stage protest against Hussein

HUNDREDS of Palestinian students staged a demonstration yesterday, burning King Hussein's photographs and criticising the US for Jordan's crackdown on the Palestine Liberation Organisation, AP reports from Bir Zeit on the West Bank.

Israeli troops manning roadblocks barred non-students from reaching the hilltop campus of Bir Zeit, 30 kilometers (20 miles) north of Jerusalem, where 300 students protested against Hussein's closure of 25 PLO offices in Amman last week.

The demonstrators, who packed the campus auditorium, also scoffed at King Hussein's remarks to reporters on Tuesday that he had "silent majority" support among 1.4m Palestinians in the West Bank and the occupied Gaza Strip.

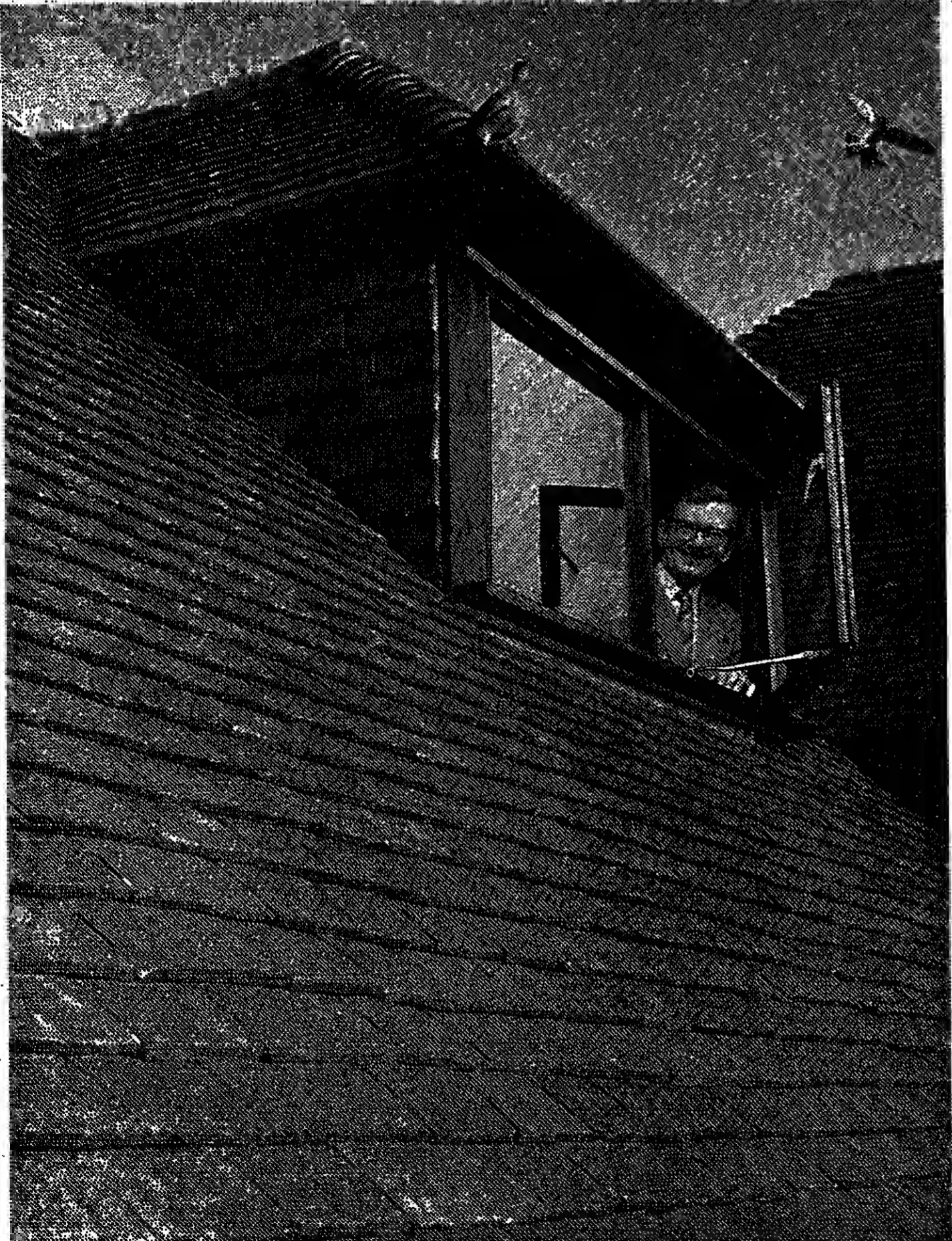
"He will not stop our commitment to the PLO. The PLO is our sole legitimate representative... We will struggle until victory," said Mr Jamal Driis, student council president.

The crowd responded with chants of "We will overthrow the king." One student waved a large green, black, red and white PLO flag which three others burned black-and-white photographs of Hussein.

According to the official press, a parliamentary committee last month considered the first national bankruptcy law, aimed at dealing with a number of state companies that had been losing money for several years.

The paper said the notice was issued to protect the interests of the creditors and make a proper job of clearing up all debts.

The regulations are in line with economic reforms introduced by Deng Xiaoping, the Chinese leader, since 1979 aimed at making companies responsible for their own profit



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AMERICAN NEWS

Bankers criticise Venezuelan debt plan

By Joe Mann in Caracas and Peter Montagnon in London

A NEW Venezuelan Government plan to refinance some \$7bn in private sector foreign debt has provoked sharp criticism from international banks and stiffened their resistance to requests by the Luisinchi administration for easier repayment terms on public sector debt in the wake of the plunging oil price.

The scheme calls on private sector companies to repay their foreign obligations in local currency to a new Exchange Compensation Fund (Fococan) which would then issue fixed-rate, government-guaranteed bonds to international creditors.

However, it has aroused a storm of protest from creditors, who complain that the conditions on the bonds, which include a long maturity of 15 years and a legal maximum coupon of 5 per cent, mean that they would immediately trade at a steep discount.

Also, existing rescheduling agreements, for example with the large Electricidad de Caracas utility which recently signed a \$650m refinancing arrangement, would have to be scrapped.

As a result Mr Jorge Marciano, Venezuela's chief debt negotiator, has received a hostile reception from leading creditors in two days of talks this week in New York on his country's request to adjust its \$21.2bn public sector debt rescheduling agreement to give a less onerous repayment schedule.

One problem is that legislation covering the plan has already been enacted by the Venezuelan congress, even before the banks were consulted on their reactions. If it is implemented, bankers say they will be requiring compensation from Venezuelan private sector companies which could jeopardise their viability.

Mr Manuel Azpurua, Venezuela's Finance Minister, has meanwhile failed to provide the banks with clarification on a number of key technical points, one of which is the exchange rate at which the private sector debt would be repaid in Bolivares and then refinanced in dollars.

Peter Ford on Managua's reaction to Congress approval of \$100m in aid to the Contras Nicaragua batters down the military hatches

NICARAGUA'S Sandinista Government is celebrating its seventh anniversary this Saturday under fiercer pressure than it has faced at any time since the July, 1979, revolution.

Ahead, Mr Ronald Reagan, the US president has finally forged a Congressional alliance that has approved a \$100m (\$60m) aid package to Nicaraguan rebel Contra guerrillas and thus prolonged an increasingly vicious war.

At home, skyrocketing inflation, estimated conservatively at 200 per cent a year, combined with severe shortages of even the most basic foodstuffs, are trying the patience of Nicaraguans living under what officials dub a "survival economy."

The ruling Sandinista National Liberation Front (FSLN) has reacted swiftly to the widened military and political threat posed by the new US aid to the Contras, enforcing a state of emergency with vigour.

But the authorities appear less confident about how to deal with their economic problems. To Managua, last month's \$100m Contra vote was tantamount to a declaration of war by the US, and the Sandinistas are tuning their political, military and economic responses in the same key.

A day after the vote, the Government ordered the indefinite closure of La Prensa, the only opposition daily newspaper. A week later, Bishop Pablo Antonio Vega—the country's second ranking Catholic prelate—was expelled from Nicaragua for "unpatriotic and criminal behaviour."

Bishop Vega, a prominent Government critic, had refused to condemn the Contra aid, and had argued that any US invasion of Nicaragua would be justified by the Soviet and Cuban involvement in the country.

The Sandinistas were clearly aware of the damage that such dramatic moves as the La Prensa closure and Bishop Vega's expulsion would do to their international image. But the timing—just after the congressional vote and the World Court verdict declaring US aid to the Contras illegal—gave Managua some cover.

Western Europeans are still less bappy with US policy than they are with the Sandinistas, says one senior Western diplomat in Managua. "You balance the ledger, and the Sandinistas come out ahead."

At the same time, the Government appears to have decided that international public support offers less protection from a possible US invasion than does heightened internal security and stronger military preparation.

In a recent speech to tens of thousands of supporters, President Daniel Ortega insisted that Nicaragua was "not afraid of civil struggle. But in these circumstances of war... when some political and religious leaders turn into instruments of the US Government's terrorist policy, we are not so ingenuous as to accept civic struggle."

"What we have here is war," the President said, "and the response to war is war."

Statements by senior officials indicate no short-term relaxation of that stance. Bishop Vega's expulsion, said the FSLN delegate in Managua, "was only the first skirmish in the battle against imperialism."

"We are not going back on any of our steps we have taken," added Mr Carlos Nunez, one of



Ortega: "what we have here is war"

the FSLN's nice comandantes, and president of the National Assembly. "The political situation will get tenser, and the war will continue on all fronts."

The military front, the Sandinistas say, two highly successful offensives in 1985 dealt the Contras a "strategic defeat" that no amount of US aid can reverse. Hope that \$100m can save the mercenary forces from total defeat are "illusory," according to Mr Humberto Ortega, the Defence Minister.

Yet, the new weaponry, such as ground-to-air missiles, that the Contras say they will now buy, and the expert training that the CIA and the Pentagon are to give the rebels, will undoubtedly make the war harder for the Sandinista army to fight.

The four-year-war's death toll, which officials here put at 16,000, is also expected to grow at a gathering pace.

AN opposition member of Nicaragua's National Assembly sought political asylum in the Venezuelan embassy just hours before the assembly was to begin proceedings against him in an arson case, according to a congressman. AP reports from Managua.

Mr Felix Pedro Espinoza Briones, a conservative Democratic Party congressman, fled to the embassy on Tuesday morning because he feared the Sandinista Government was trying to remove him from his seat and have him jailed, said Sergio Torres, another of the party's five congressmen.

Sandinista military planners, however, are less concerned by the Contra war than they are about what would happen if the rebels make no significant advances over the coming year.

A US invasion, they said, might be a real possibility. President Ortega warned on the night of the US Congressional vote that the principal danger was that the rebel aid "could translate in time into a new military escalation... leading to the intervention of US troops themselves into our country."

That prospect has guided Nicaraguan military doctrine. "The size of our army and its weaponry will always match the threat of US intervention," Mr Humberto Ortega insisted earlier this year.

The first and last line of defence, in Sandinista doctrine, is a people in arms. There are now 300,000 AK-47s in Nicaragua, according to

Interior Ministry estimates and another 100,000 are expected by the end of the year.

Most have already been given to militiamen, army reservists, and others, but a proportion of the rifles are being stored in 8,000 secret caches in readiness for an invasion, Mr Dmar Cabezas, the Interior Minister, said last week.

The Sandinistas seem more sure of themselves in mapping a military strategy than in solving their grave domestic economic problems, which the war has clearly aggravated.

Reassigned to depending on the Soviet Union for all its oil and military hardware, the Government is, nonetheless, seeking to cut back on imports of basic food grains, 25 per cent of which came from abroad last year — mostly through donations from Socialist bloc countries.

The central problem facing planners is what is still a mixed economy is appallingly low productivity, the effects of which are most strongly felt in the agricultural sector.

The web of reasons behind this is complex: The army has drained the labour force, as has massive migration to the cities; producer prices have not risen fast enough to offset the incentive to private growers; foreign exchange shortages and distribution snarl-ups hinder efficient flow of inputs; and the average working day in the countryside lasts only about three hours, according to Mr Jaime Wheelock, the Agriculture Minister.

The results are clear: bower Managua's shoppers are lucky to find rice and beans, the Nicaraguan staples, even in

Government-controlled outlets, where a ration card is supposed to guarantee each family a minimum of basic goods.

The FSLN devoted its annual party congress early this month to problems of production and supply, but the meeting adjourned after three days without taking any decision. This suggested that the Government is in disarray over how to tackle the problem.

There are, however, pointers towards a tougher line against so-called "unpatriotic" large private producers, accused of sabotaging output through neglect.

Responding to the Contra aid vote, the Sandinista leadership warned that "the state with its laws" would act against "indirect agents of (US) aggression: speculators, idlers, and incompetents who remain in the country."

Since then, trade union leaders at the largest privately-owned sugar mill have demanded that it should be confiscated by the state, charging management with deliberately slowing down production.

The Government appears undecided whether to respond to this call, and others like it, but the official mood is clear: in wartime, those who are not with their governments must be with the enemy.

Keeping a weather-eye on the possibility of a direct US invasion, the Sandinistas are buckling down for protracted war against the rebels, and against potential fifth columnists within the country. As Comandante Nunez put it in response to Opposition pleas for more political flexibility, "this is no time for concessions."

US warns Pakistan over N-weapon

By Reginald Dale, US Editor in Washington

PRESIDENT Ronald Reagan yesterday delivered a stiff warning to Pakistan that all its economic and military aid would be terminated if the country acquired a nuclear weapon.

The US position was "well understood" by the Pakistani Government, a senior US official said after an hour-long White House meeting between Mr Reagan and Mr Mohammed Junejo, the Pakistan Prime Minister.

Mr Reagan expressed continuing US concern over Pakistan's "unsafeguarded nuclear activities," which are not subject to supervision by the Vienna-based International Atomic Energy Authority, the official said. He added, however, that last October's presidential certification to Congress that Pakistan did not possess a nuclear weapon remained valid.

Pakistan had frequently assured the US, both publicly and privately that it had neither the intention nor the capability to acquire nuclear weapons, the official said. Both Mr Reagan and Mr Junejo agreed on the critical importance of avoiding a nuclear arms race in South Asia.

Nuclear concerns apart, the two leaders quickly reaffirmed the excellent state of US-Pakistani relations, with Mr Reagan reiterating Washington's long term commitment to Pakistan's security, the official said. The Administration would make every effort to persuade Congress to approve in full the proposed new six-year \$4bn US aid plan for Pakistan. US aid was a "significant brake" on Pakistan's nuclear programme, the official said.

The two countries also saw eye to eye on Afghanistan, with both leaders agreeing that the twin objectives must be the earliest possible complete Soviet withdrawal and self-determination for the Afghan people.

Mr Junejo complained of increased pressure on Pakistan's border with Afghanistan, including bombings, sabotage and attempts at political subversion designed to drive a wedge between Afghan refugees and the host population.

Mr Junejo said his government was studying legislation to increase penalties for trafficking

Duarte rejects rebel talks offer

BY DAVID GARDNER IN MEXICO CITY

PRESIDENT Jose Napoleon Duarte of El Salvador yesterday ruled out left-wing rebel proposals for peace talks on July 30 aimed at negotiating an end to the country's six-year-old civil war.

Mr Duarte himself had publicly proposed on June 1 a third round of peace talks to take place inside the country in July or August. Two previous rounds of talks in October and November 1984 left the two sides as far apart as when they began.

Mr Duarte said modified rebel proposals announced last week were no different to the insurgent platform his Government had rejected at the second round in Ayaualo, near the capital San Salvador.

The rebel army, the Farabundo Martí National Liberation Front (FMLN), last Friday called for a broad-based coalition government to be set up in which the insurgents would be "one of the components."

If accepted this would lead to an immediate ceasefire and the calling of new elections open to all. The rebels' political leadership, headed by Dr Guillermo Ungo and Mr Ruben Zamora, said on Monday that their

proposals did not amount to power-sharing, but should be understood as a call for an "historic compromise."

Mr Duarte's position has been that he cannot avert from the constitution. This was drawn up by an extreme right-wing dominated constituent assembly in 1982-83, at the height of the civil war and the reign of the paramilitary "death squads," which massacred tens of thousands of dissidents and suspected rebel supporters.

The Salvadorean president has offered an amnesty if the FMLN lays down its arms.

Death sentence for Haiti chief

THE FORMER head of Haiti's secret police under the regime of the now-deposed government of Mr Jean-Claude Duvalier, has been sentenced to death after a nationally televised trial for crimes committed during the Duvalier dictatorship, writes Canute James in Kingston.

The trial and conviction of Mr Luc Desire in Port au Prince is expected by diplomats to mollify some of the public pressure on General Henri Namphy, who took over as head of the provisional government following Mr Duvalier's flight from the country to exile in France last February. Mr Desire's lawyers plan to appeal

US electronics company admits defence fraud

BY TERRY DODSWORTH IN NEW YORK

LITTON INDUSTRIES, the Californian-based electronics firm, has agreed to pay about \$15m (£10m) in restitution and fines to the US defence department in a further example of the US government crack-down on overcharging among military suppliers.

The penalties were agreed after Litton pleaded guilty to 325 counts of fraud for over-billing the US Defence Department by \$6.5m. The settlement follows a number of well-publicised cases over the last year, involving, among others,

General Dynamics, the largest US defence contractor, Rockwell International, General Electric and Sperry.

Executives at Litton's Special Devices division were accused of giving false cost and pricing data to their military customers, in some cases charging twice for the same raw materials. According to prosecution lawyers, the company charged the Defence Department up to four times the legitimate price on some contracts for electronic components in the period from 1975 to 1984.

WORLD TRADE NEWS

Canon accused of copier monopoly

By Nancy Dunne in Washington

AUNYX Corporation, a small privately owned Massachusetts company, has gone to a US federal court and the International Trade Commission to battle the giant Canon Japan and Canon USA for a share in the \$1bn copier toner business.

In cases announced on Tuesday, Aunyx spokesmen said Canon now had a monopoly on sales of toner compatible with its copier machines, and it had, through a variety of unfair trade practices, sought to prevent Aunyx from selling its own toner for Canon copiers.

Canon Japan manufactures various copier machines which it distributes along with toner through its subsidiary Canon USA. In the US, only Canon and Aunyx market a toner which can be used in Canon copiers.

Mr Bart Fisher, a Washington D. C. attorney representing Aunyx, said the US has "over the last decade been witnessing the Japanisation of the US copier and toner market."

He charged Canon with "a persistent and complicated pattern of exclusionary acts" claiming that it has coerced its dealers not to buy Aunyx-manufactured toner, blocked Aunyx's supply of raw materials and parts and interfered with Aunyx's relations with its customers.

Canon, he said "has become a loose cannon in the world of copiers."

The company has asked the ITC to issue an exclusion order to prevent Canon from importing toners to the US and a cease and desist order to prevent the "unfair practices."

Fleet shrinks

By Fey Gjester in Oslo

THE Norwegian-registered merchant fleet continues to shrink during the first half of 1986, as more owners either sold their vessels, or transferred them to foreign registry, to save on running costs.

The Shippers Association reports that on July 1 there were only 627 ships totalling 13.2m dead-weight tonnes still flying the Norwegian flag — a decline of 49 units and 3.7m dwt, compared with January 1.

Indonesia wins deal to supply LPG to Japan

BY MICHAEL BYRNES IN JAKARTA

INDONESIA'S sagging oil export revenues will receive a \$200m-a-year boost from new liquefied petroleum gas (LPG) exports to Japan. The final price for the annual exports of 1.65m tons of LPG remains to be settled.

Pertamina, the Indonesian state oil company, yesterday refused to be drawn on specific details of price and expected export revenue.

The current export prices of Indonesian LPG is about \$100 a ton. This would indicate that the deliveries of new LPG supplies to Japan which begin in mid-1988, will bring in almost \$200m a year.

Although the revenue will be welcome, it will not go far toward filling Indonesia's widening external deficit created by the collapse of oil prices.

Indonesia's export revenue from oil last year declined by around \$3.2bn to about \$12.4bn and is projected to fall to around \$7.7bn.

Indonesia is projected to emerge as one of the world's largest exporters of LPG when the new contracts come into operation. Its exports last year amounted to 835,967 tons, down 12.3 per cent from the year

Indian plan to modernise textiles

By K. K. Sharma in New Delhi

INDIA has drawn up a \$7.5bn (£416m) package to modernise its textile industry. The scheme is part of its plans to boost exports.

The package will involve soft loans to textile mills and a re-identification fund which will be used to help displaced workers find other employment.

India's annual exports of textiles are new world machinery and are small. The soft loans in the new package will help them to modernise and so make Indian textiles exports more competitive.

The modernisation fund will be built up initially of revenues collected from additional excise duties and is expected to be operated by the Government-owned Industrial Development Bank of India which will receive special subsidies to enable it to grant concessional loans to textile mills.

Construction works have been tendered internally in Indonesia. Bidders include Kyodo and Japan Gas.

GM and Suzuki plan Ontario car factory

BY ROBERT GIBBENS IN MONTREAL

GENERAL MOTORS of the US and Suzuki of Japan are expected to announce on July 30 the go-ahead for a jointly-owned car assembly plant in southern Ontario.

The plant would help the two groups to compete against Hyundai of South Korea which has been making increasing inroads into the Canadian market.

Industry sources estimate the plant will cost about C\$650m (US\$480m).

Incentives will be available from both the federal and Ontario governments but neither government will give details.

Hyundai is the largest importer into Canada and is selling cars at an annual rate of more than 100,000 units in the US. The GM-Suzuki plant would be covered by the Canada-US car pact and would supply both markets.

US export control system 'needs overhaul'

By Robert G. Omer, former US Undersecretary of Commerce, yesterday attacked the export control system he once presided over as "badly in need of an overhaul."

Mr Omer, an attorney now in private practice in Washington DC, told the private Committee on East-West Accord that steps taken by the Reagan Administration to improve the system of controlling high technology exports and "the investment of considerable capital by the departments of defence and commerce to increase efficiency" simply have not worked.

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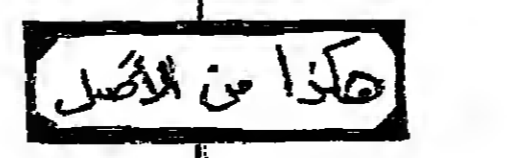


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UK NEWS

Ford to invest £45m at three component plants

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD OF BRITAIN is to invest nearly £45m at three of its component plants over the next four years, including £20m at west Belfast in Northern Ireland.

While removing the threat of closure from Belfast and sparkplug operations at Enfield in north London and Treforest, South Wales, Ford gave a warning yesterday that its Woolwich, south-east London, factory might have to close by 1989 with the loss of all 283 jobs.

A further 101 jobs are to go at Enfield and Treforest. The company expects that all redundancies will be voluntary.

Employment in Ford's Belfast plant has come down from 1,400 at the beginning of the 1980s to about 850, but the company said it hoped to keep most of the present workforce.

"The decision to invest in Belfast was taken after a long and detailed study into the viability of the plant. There is no doubt that, without this injection of new work, the outlook would have been bleak," said Mr Bill Hayden, Ford of Europe's vice-president, manufacturing.

The political implications of another big manufacturing closure in Belfast obviously had some bearing on Ford's decision, but the company insisted that the investment would be cost-effective and that the same

Ford has launched two high-performance, high-profit and high-margin cars in the UK through its 90 specialist Rallye Sport dealers.

The Sierra RS Cosworth is on sale at £15,990 and the company has also introduced a new version of the Escort RS Turbo at £10,995, compared with £9,995 for the earlier model launched at the end of 1984.

Some 5,000 Sierra Cosworths will be built to qualify the model for the world touring car championships and about half have been allocated for sale in Britain.

Ford believes the Cosworth offers good value compared with other performance cars

criteria had been applied as at other Ford of Britain plants.

Ford has been under pressure from the Irish Development Board (IDB) to broaden the range of products to ensure the future of the Belfast plant, which is in an area of high unemployment.

About half the capital expenditure for the new project, involving production of oil and water pumps for petrol and diesel engines, will be covered by grants from the IDB.

Ford has spent £23m on the Bel-

fast factory since 1976 and recently introduced production of carburetors assembled from components supplied by Weber of Bologna, Italy.

Production of pumps will begin next summer and by late 1989 the plant will have an annual capacity of more than 1m each of oil and water pumps and 300,000 carburetors.

Belfast's gain is Woolwich's loss because the south-east London factory has been manufacturing and machining a range of parts, including oil and water pumps.

Woolwich employees were told yesterday that by the 1990s the plant would have work for only 20 per cent of the available space at a time when other Ford plants also had significant spare capacity.

Ford had been expected to stop sparkling production and buy from outside suppliers or enter into a joint venture. However, the company - the only UK-based vehicle producer making its own sparkplugs - said Enfield would produce a good rate of return on the investment.

Three new directors have been appointed by the Rover Group, formerly British Leyland, in accordance with the undertaking given by new chairman and chief executive Mr Graham Day that he would bring in fresh blood to provide "added dimension and experience."

GOVERNMENT SEEKS TO END PROTRACTED DISPUTE

Lawyers win concession on fees

BY HAZEL DUFFY

THE GOVERNMENT has made a considerable concession to the demands of the legal profession for substantial increases in criminal legal-aid fees with the offer from the Lord Chancellor yesterday of a 5 per cent increase in fees paid to barristers and 6.5 per cent to solicitors.

The payments will be in addition to the 5 per cent already awarded from April 1. But the new package will not come into effect until October 1, bringing the total increase for the year to next April to 7.5 per cent for barristers and 8.25 per cent for solicitors.

London solicitors will also receive an additional 2 per cent weighting to compensate for higher costs in the capital.

Two per cent of the new offer to solicitors and barristers is in respect of "efficiency," although neither side of the profession has yet made substantial concessions in its practices. But the Government has secured the agreement of the profession to be represented with it on a standing commission aimed at bringing greater efficiency to court proceedings.

Lord Hailsham, the Lord Chancellor, made clear that he thought the procedures before trials were where the greatest savings could be made.

The Government has also gained the agreement of the Bar to a new system of standard fees for the bulk of criminal legal-aid work, although

the Lord Chancellor rejected the barristers' request that the structure of standard fees should be the same as those set by the Attorney General for the new Crown prosecution service.

Details of the latter scheme, which will mean barristers will know in advance their payment for a case, were announced by the Attorney General shortly before Lord Hailsham's statement.

Future negotiations between the Government and the profession on fees will be conducted with the aid of a new advisory system. Separate joint committees will be set up between the Government and the Bar and the Law Society, which represents solicitors.

The committees will determine the data on current payments. That will be given to the Lord Chancellor, who will make a statutory decision on fees.

The reaction of the profession to the new package - which would cost the Government £17.5m in a full year in addition to £13m allocated to the original offer - was guarded.

Mr Robert Alexander QC, chairman of the Bar, said it was "not enough." Mr Tony Girling, chairman of the Law Society's remuneration committee, expressed "dissatisfaction in many respects but also relief" at the outcome. Both bodies, however, will recommend acceptance to their members.

June government borrowings fall unexpectedly

BY GEORGE GRAHAM

BUOYANT tax revenues helped to reduce government borrowings to a lower level than expected in June, according to figures announced by the Treasury yesterday.

The public-sector borrowing requirement (PSBR) is provisionally estimated to have totalled £599m last month, bringing the total in the first three months of the current fiscal year to £2.53bn compared with £2.59bn in the same period last year.

The Inland Revenue took in £3.46bn in tax receipts in June, bringing revenues for the first quarter of the fiscal year to £11.81bn.

That is 12 per cent higher than in the same period a year earlier. The Treasury, in its Budget forecasts, predicted a 9 1/2 per cent rise in tax receipts not linked to North Sea oil.

Government's earlier medium-term financial strategy.

Analysts noted yesterday that the PSBR fluctuates wildly over the year as tax receipts come in unevenly, and cautioned against interpreting the apparently low borrowing requirement in the first three months as an indicator for the year as a whole.

The effect of lower oil prices on government revenues will not be

come apparent until later in the year. Installments of petroleum-revenue tax now being paid are based on prices in the second half of 1985, and the adjustment to 1986's sharply reduced prices will not be made until September.

London's financial markets, however, reacted favourably to the announcement. Gilt-edged government securities, which had already strengthened during the day, rose further in price.

SDI deals of £50m seen for next year

BY PETER MARSH

BRITISH companies might next year win Star Wars contracts from the US totalling at £50m, with "hundreds of millions of pounds" of work likely in the full five years of the programme, according to the Defence Ministry's top scientist attached to the project.

Dr Stanley Orman, director general of the ministry's Strategic Defence Initiative (SDI) participation office, discussed Britain's role in the project publicly yesterday, partly to counter criticism that, so far, UK industry has gained little from the scheme.

Under an agreement between the US and UK in December, British companies and government establishments can bid for work under the Star Wars programme, which is due to spend about £20bn by the early 1990s on devising a space-based shield to try to defend the West from nuclear attack.

If the five-year research phase shows that such a shield is feasible, the US and its allies could begin deployment of an operational anti-missile system in the late 1990s. It would comprise devices such as laser guns and rockets, supervised by computers, to attempt to shoot down Soviet warheads before they reached their targets.

Despite talk last year of Britain's gaining as much as £1bn worth of work from the programme, UK organisations have so far obtained Star Wars contracts worth only about £15m, compared with SDI work banded out to US defence concerns totalling roughly £3bn. Some British industrialists have privately expressed scepticism as to whether significant contracts will be placed with the UK.

Dr Orman, who heads a 25-person department at the ministry that seeks to make it easier for UK companies to conclude Star Wars deals with the US, told a press conference that the £1bn figure canvassed last year was "not realistically obtainable in the short term." He said

there was never any prospect of the US Defence Department's rapidly awarding large contracts to UK concerns.

He insisted, however, that the formal participation by Whitehall in the programme gave UK concerns in technical areas such as electronics, radar systems and communications "tremendous opportunities" for large contracts. He said he would be disappointed if such companies failed to win contracts worth £50m in 1987.

Dr Orman, a former scientist at the Defence Ministry's Atomic Weapons Research Establishment who has worked on the Chevaline programme to upgrade Britain's Polaris nuclear strike force, said the UK had unique skills to offer the US in several key areas of military technology.

But he said the US had not set aside a specific sum of cash for British organisations. "No one owes us a living. Any contracts which we obtain will have to be earned in the marketplace."

Contracts awarded to Britain so far cover work by the UK Atomic Energy Authority's Culham Laboratory on devices that use ion beams to shoot down missiles. A second award is paying for studies by UK defence companies to devise techniques to try to ensure that a Star Wars shield defended not only the US but Western Europe.

Further contracts to be handed out by the Pentagon in the next couple of months include work worth a total of about £15m to be shared by Defence Ministry research establishments and industry in three technical areas.

They are: development of rail guns, electromagnetically powered weapons that fire small bullets at targets; ways to "harden" space-based weapons and sensor systems against any possible attack; and techniques in "countermeasures"

Men and Matters, Page 10

Water groups disclose sharply higher profits

WATER AUTHORITIES yesterday announced substantially higher profits. Richard Evans writes. That was largely because of the Treasury policy of pushing up water charges faster than the rate of inflation in order to accelerate debt repayment and lessen demands on the public-sector borrowing requirement.

Thames Water, the biggest and most profitable of the 10 authorities, predictably put in the best performance for the year to March with net profit lifted from £105m to £150m on a turnover of £501m. Anglian's profits rose from £23m to £38m; North West from £13m to £35.5m; and Northumbrian, the smallest, from £1m to over £7m.

The results show how the efficiency of the authorities had been raised before the Government's planned privatisation of the industry, which has now been shelved until after the next general election. The authorities have become much more financially attractive since the prospect of privatisation was first raised 18 months ago.

FRONT union leaders may have to wait a further two weeks to hear whether Mr Rupert Murdoch's News International is willing to open talks on the dispute over his newspaper operations at Wapping, in east London.

COAL-FIRED power stations proposed for southern England will be the first to be fitted with anti-pollution equipment at an additional

cost of £150m for each station. The equipment will reduce the amount of sulphur dioxide released. That is commonly linked with "acid rain."

Britain is widely accused of being the largest emitter of sulphur dioxide in Western Europe.

VOLUME on the London International Financial Futures Exchange (LIFFE) doubled in the first half of 1986 compared with the same period of last year, boosted by futures on UK and US government bonds, according to figures released yesterday.

The number of futures and options contracts traded rose from 1.68m to 3.22m.

BRITISH STEEL might become financially self-sufficient and "off the back of government borrowing" in three to five years, Mr Bob Scholey, chairman of the corporation, told MPs on an all-party House of Commons committee.

Break-up warning, Page 6

BRITISH AIRPORTS Authority (BAA) is to have its debts from the National Loans Fund written off and is to be split into seven subsidiary companies, one for each BAA airport, ahead of the privatisation of authority next year.

BEL, the parent company of Rediffusion Simulation, has bought a 50 per cent stake in British Caledonian Flight Training, a subsidiary of British Caledonian Airways, for £4m.

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SERIAL NUMBERS OF COUPON DEBENTURES BEARING THE PREFIX M

10718	16659	21304	21305	42022	49009	49010	49211	49349	49446	49500	49721
10719	16660	21306	21307	42023	49011	49012	49212	49350	49447	49501	49722
10720	16661	21308	21309	42024	49013	49014	49213	49351	49448	49502	49723
10721	16662	21310	21311	42025	49015	49016	49214	49352	49449	49503	49724
10722	16663	21312	21313	42026	49017	49018	49215	49353	49450	49504	49725
10723	16664	21314	21315	42027	49019	49020	49216	49354	49451	49505	49726
10724	16665	21316	21317	42028	49021	49022	49217	49355	49452	49506	49727
10725	16666	21318	21319	42029	49023	49024	49218	49356	49453	49507	49728
10726	16667	21320	21321	42030	49025	49026	49219	49357	49454	49508	49729
10727	16668	21322	21323	42031	49027	49028	49220	49358	49455	49509	49730
10728	16669	21324	21325	42032	49029	49030	49221	49359	49456	49510	49731
10729	16670	21326	21327	42033	49031	49032	49222	49360	49457	49511	49732
10730	16671	21328	21329	42034	49033	49034	49223	49361	49458	49512	49733
10731	16672	21330	21331	42035	49035	49036	49224	49362	49459	49513	49734
10732	16673	21332	21333	42036	49037	49038	49225	49363	49460	49514	49735
10733	16674	21334	21335	42037	49039	49040	49226	49364	49461	49515	49736
10734	16675	21336	21337	42038	49041	49042	49227	49365	49462	49516	49737
10735	16676	21338	21339	42039	49043	49044	49228	49366	49463	49517	49738
10736	16677	21340	21341	42040	49045	49046	49229	49367	49464	49518	49739
10737	16678	21342	21343	42041	49047	49048	49230	49368	49465	49519	49740
10738	16679	21344	21345	42042	49049	49050	49231	49369	49466	49520	49741
10739	16680	21346	21347	42043	49051	49052	49232	49370	49467	49521	49742
10740	16681	21348	21349	42044	49053	49054	49233	49371	49468	49522	49743
10741	16682	21350	21351	42045	49055	49056	49234	49372	49469	49523	49744
10742	16683	21352	21353	42046	49057	49058	49235	49373	49470	49524	49745
10743	16684	21354	21355	42047	49059	49060	49236	49374	49471	49525	49746
10744	16685	21356	21357	42048	49061	49062	49237	49375	49472	49526	49747
10745	16686	21358	21359	42049	49063	49064	49238	49376	49473	49527	49748
10746	16687	21360	21361	42050	49065	49066	49239	49377	49474	49528	49749
10747	16688	21362	21363	42051	49067	49068	49240	49378	49475	49529	49750
10748	16689	21364	21365	42052	49069	49070	49241	49379	49476	49530	49751
10749	16690	21366	21367	42053	49071	49072	49242	49380	49477	49531	49752
10750	16691	21368	21369	42054	49073	49074	49243	49381	49478	49532	49753
10751	16692	21370	21371	42055	49075	49076	49244	49382	49479	49533	49754
10752	16693	21372	21373	42056	49077	49078	49245	49383	49480	49534	49755
10753	16694	21374	21375	42057	49079	49080	49246	49384	49481	49535	49756
10754	16695	21376	21377	42058	49081	49082	49247	49385	49482	49536	49757
10755	16696	21378	21379	42059	49083	49084	49248	49386	49483	49537	49758
10756	16697	21380	21381	42060	49085	49086	49249	49387	49484	49538	49759
10757	16698	21382	21383	42061	49087	49088	49250	49388	49485	49539	49760
10758	16699	21384	21385	42062	49089	49090	49251	49389	49486	49540	49761
10759	16700	21386	21387	42063	49091	49092	49252	49390	49487	49541	49762
10760	16701	21388	21389	42064	49093	49094	49253	49391	49488	49542	49763
10761	16702	21390	21391	42065	49095	49096	49254	49392	49489	49543	49764
10762	16703	21392	21393	42066	49097	49098	49255	49393	49490	49544	49765
10763	16704	21394	21395	42067	49099	49100	49256	49394	49491	49545	49766
10764	16705	21396	21397	42068	49101	49102	49257	49395	49492	49546	49767
10765	16706	21398	21399	42069	49103	49104	49258	49396	49493	49547	49768
10766	16707	21400	21401	42070	49105	49106	49259	49397	49494	49548	49769
10767	16708	21402	21403	42071	49107	49108	49260	49398	49495	49549	49770
10768	16709	21404	21405	42072	49109	49110	49261	49399	49496	49550	49771
10769	16710	21406	21407	42073	49111	49112	49262	49400	49497	49551	49772
10770	16711	21408	21409	42074	49113	49114	49263	49401	49498	49552	49773
10771	16712	21410	21411	42075	49115	49116	49264	49402	49499	49553	49774
10772	16713	21412	21413	42076	49117	49118	49265	49403	49500	49554	49775
10773	16714	21414	21415	42077	49119	49120	49266	49404	49501	49555	49776
10774	16715	21416	21417	42078	49121	49122	49267	49405	49502	49556	49777
10775	16716	21418	21419	42079	49123	49124	49268	49406	49503	49557	49778
10776	16717	21420	21421	42080	49125	49126	49269	49407	49504	49558	49779
10777	16718	21422	21423	42081	49127	49128	49270	49408	49505	49559	49780
10778	16719	21424	21425	42082	49129	49130	49271	49409	49506	49560	49781
10779	16720	21426	21427	42083	49131	49132	49272	49410	49507	49561	49782
10780	16721	21428	21429	42084	49133	49134	49273	49411	49508	49562	49783
10781	16722	21430	21431	42085	49135	49136	49274	49412	49509	49563	49784
10782	16723	21432	21433	42086	49137	49138	49275	49413	49510	49564	49785
10783	16724	21434	21435	42087	49139	49140	49276	49414	49511	49565	49786
10784	16725	21436	21437	42088	49141	49142	49277	49415	49512	49566	49787
10785	16726	21438	21439	42089	49143	49144	49278	49416	49513	49567	49788
10786	16727	21440	21441	42090	49145	49146	49279	49417	49514	49568	49789
10787	16728	21442	21443	42091	49147	49148	49280	49418	49515	49569	49790
10788	16729	21444	21445	42092	49149	49150	49281	49419	49516	49570	49791
10789	16730	21446	21447	42093	49151	49152	49282	49420	49517	49571	49792
10790	16731	21448	21449	42094	49153	49154	49283	49421	49518	49572	49793
10791	16732	21450	21451	42095	49155	49156	49284	49422	49519	49573	49794
10792	16733	21452	21453	42096	49157	49158	49285	49423	49520	49574	49795
10793	16734	21454	21455	42097	49159	49160	49286	49424	49521	49575	49796
10794	16735	21456	21457	42098	49161	49162	49287	49425	49522	49576	49797
10795	16736	21458	21459	42099	49163	49164	49288	49426	49523	49577	49798
10796	16737	21460	21461	42100	49165	49166	49289	49427	49524	49578	49799
10797	16738	21462	21463	42101	49167	49168	49290	49428	49525	49579	49800
10798	16739	21464	21465	42102	49169	49170	49291	49429	49526	49580	49801
10799	16740	21466	21467	42103	49171	49172	49292	49430	49527	49581	49802
10800	16741	21468	21469	42104	49173	49174	49293	49431	49528	49582	49803
10801	16742	21470	21471	42105	49175	49176	49294	49432	49529	49583	49804
10802	16743	21472	21473	42106	49177	49178	49295	49433	49530	49584	49805
10803	16744	21474	21475	42107	49179	49180	49296	49434	49531	49585	49806
10804	16745	21476	21477	42108	49181	49182	49297	49435	49532	49586	49807
10805	16746	21478	21479	42109	49183	49184	49298	49436	49533	49587	49808
10806	16747	21480	21481	42110	49185	49186	49299	49437	49534	49588	49809
10807	16748	21482	21483	42111	49187	49188	49300	49438	49535	49589	49810
10808	16749	21484	21485	42112	49189	49190	49301	49439	49536	49590	49811
10809	16750	21486	21487	42113	49191	49192	49302	49440	49537	49591	49812
10810	16751	21488	21489	42114	49193	49194	49303	49441	49538	49592	49813
10811	16752	21490	21491	42115	49195	49196	49304	49442	49539	49593	49814
10812	16753	21492	21493	42116	49197	49198	49305	49443	49540	49594	49815
10813	16754	21494	21495	42117	49199	49200</					

Spill in 1/10

Which ending goes with which script?

[Redacted script excerpt]

Murder by the Book, ITV Thursday 28th August at 8.30pm.

[Redacted script excerpt]

Strong Medicine, ITV 21st August at 8.00pm and 22nd August at 7.30pm.

[Redacted script excerpt]

Hanni Sends Her Love, Channel 4 Saturday 9th August at 7.30pm.

BOBBY DAVRO: ...
GEORGE ...
(SWITCHES TO FRED ...)

Summertime Specials, ITV Saturday evenings from 19th July at 7.30pm.

[Redacted script excerpt]

The Real World, ITV Sundays, July and August at 9.50pm.

All 5 of the scripts you see excerpts from here have been made into first-rate TV programmes.

Over the coming weeks they will all be shown nationally on the ITV network.

But whose name will appear at the end of each programme?

You might be tempted to think that a prestige production like 'Murder by the Book' is from Central.

Hercule Poirot's most crucial case, this razor-sharp comedy thriller stars Dame Peggy Ashcroft and Ian Holm.

'Strong Medicine' may strike you as a production in which Thames has a part.

A mini-series dealing with the intrigues of a pharmaceutical company, it fields a heavyweight cast led by Patrick Duffy of 'Dallas' fame.

Of course, 'Hanni Sends Her Love', a gripping documentary on the Berlin Wall, could only come from the Granada team, couldn't it?

Naturally you could deduce that a scientific magazine programme of the calibre of 'The Real World' is made by Yorkshire.

And who else but LWT could assemble the nation's top comic talent to feature in a series of 'Summertime Specials'?

If these are your conclusions, you're wrong in every case.

Every one of these programmes was made by Television South.

We're one of the newest and brightest of the ITV companies.

As a glance at our output will confirm.

In future you can look forward to seeing our name at the end of a lot more television programmes.

And not just at the end of an advertisement.

Central

LWT

THAMES

Yorkshire

Granada

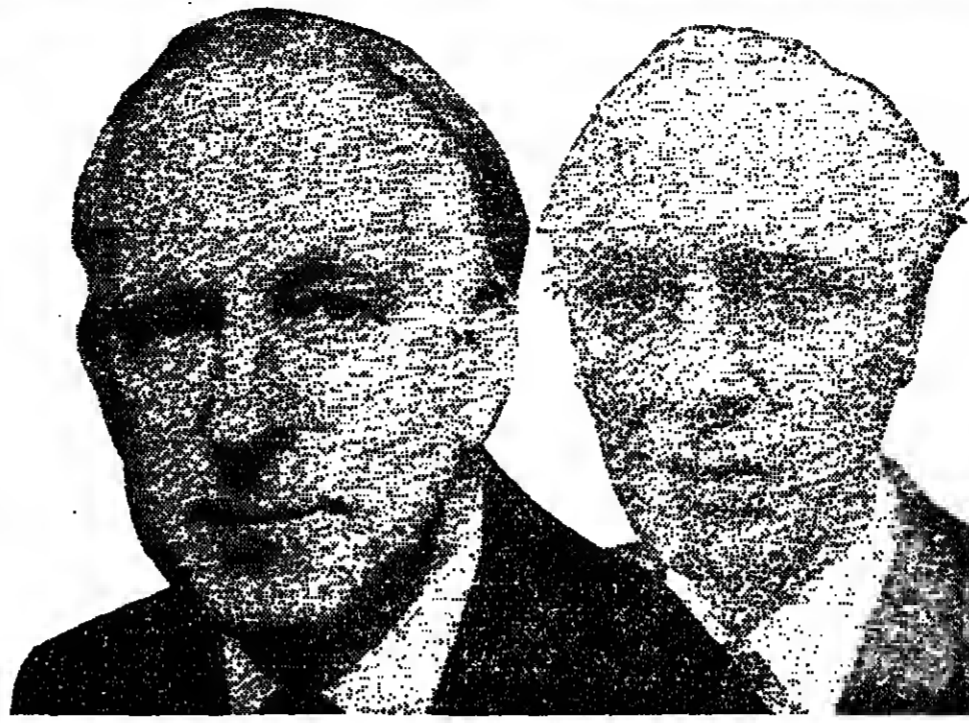
TVS
A name to watch out for.

MR ERNEST SAUNDERS, the suave and ambitious chief executive of Guinness, is a man used to getting his own way. Late on Monday afternoon...

GUINNESS BOARD CHANGES

Broken glass in the drinks cupboard

By Lionel Barber



Mr Ernest Saunders, of Guinness, and the supervisory board chairman Sir Thomas Risk, Governor of the Bank of Scotland

All three financial advisers to Guinness had told Mr Saunders that they were unhappy about his proposed board changes following the successful £2.5bn take-over of Distillers, the international drinks business...

Cazenove, Guinness denies it was put under pressure but, according to one authoritative account, Mr Saunders was presented with an ultimatum: either you agree to a face-saving formula by mid-afternoon or we go.

The Scottish card was astutely played too, or so it seemed at the time. Mr Saunders sought out Mr Charles Fraser, the well-connected chairman of Morgan Grenfell (Scotland) who set to work on his behalf inside the Scottish financial establishment...

approved, to repurchase shares following the takeover. The picture painted by those opposed to Mr Saunders is of a small faction within the Guinness board, including Mr Olivier Roux, the management consultant who joined from Bain & Co...

thought it a fair balance. Both Kleinwort and Wood Mackenzie were also strongly in favour of a non-executive chairman of the new group, which is capitalised at £2bn. Sir Thomas is highly respected and would have been a useful check on Mr Saunders...

The heart of De Beers lies in its southern African mines which last year produced more than 50 per cent of the world's diamonds. From this base, De Beers has extended its grip over other producers by cajoling them to sell their output to its marketing subsidiary, the Central Selling Organisation...

Lombard A cartel that works

By Stefan Wagstyl

THE YOUNG Cecil Rhodes had the right idea. When he arrived at Kimberley, later the world's biggest diamond mine, he did not join the horde of prospectors scrambling around in the mud...

De Beers makes no bones about running a cartel, even flaunting its success in the faces of other producers—Opee and the International Tin Council—whose efforts to control a market have recently collapsed.

But De Beers's single-mindedness sometimes rubs salt in the wounds of other producers. When sales fell as they did in the early 1980s, De Beers has the financial muscle and the nerve to ride out the storm.

European space effort

From Mr M. Schwartz Sir—The section on the European space effort in your survey "European high technology" (June 30) points a much brighter picture of Europe's space programme...

In the 1960s, the US developed and built a series of expendable launch vehicles including Atlas, Saturn and Apollo, which it used to send men and equipment to the frontiers of space. In the late 1970s, the Europeans built their own expendable launch vehicle, Ariane...

Technologies of broadcasting

From Mr T. Edwards Sir—I read with considerable interest in the Lombard column by Guy de Jonquieres on the technologies of broadcasting (July 10).

Letters to the Editor

or later by which time the electro-optics technology should be catching up. Bearing in mind the always relatively high installation costs associated with any cabling the sensible strategy would seem to be to install single-mode fibres on a last minute proviso as soon as possible...

Reality and the image

From Mr P. Hague Sir—The subject is a much misunderstood subject. Richard Lambert who writes so intelligently on financial subjects clearly failed to recognise the true importance of image in his column (July 10). He catalogued a number of name and image changes which have recently been made by organisations in trouble...

Commonwealth matters

From Cdr Innes Hamilton Sir—The FT was right to publicise its leader on the Commonwealth (July 14) but one wonders, in the light of the restrained language, whether its writer has actually read the findings of the Commonwealth eminent persons group...

European trade marks office

From The Managing Director, Data Logic Sir—In his column of July 4, William Cochrane mentions efforts of local communities to close the European Community Trade Marks Office in greater London.

European trade marks office

As the Government wavers between four proposed London sites, our European colleagues are each backing one national site and leaping ahead in the race to secure the ECTMO. The ECTMO which caters to what Mr Cochrane referred to as the "new business class," could mean to Britain most easily if the Government were to back only one site.

ADVERTISMENT

PLESSEY HOTLINE PLESSEY H In electronic camouflage - new world lead. Modern warfare demands therefore that camouflage techniques address the whole signature, not its individual elements each in isolation. ABILITY DEMONSTRATED. Plessey active and passive decoy systems take advantage of and complement signature reduction. The company has demonstrated its ability to reduce the signature of airfields and other fixed installations.

New connector changes US and Nato specs

A military connector design by Plessey has had a major influence on new US and Nato specifications. Aimed at achieving a significant reduction in the size and weight of connectors for an aircraft's equipment stores, the new lanyard-release Plessey design is 51mm in diameter compared to the 76mm diameter of the usual military standard, and weighs 10 per cent less.

European trade marks office

From The Managing Director, Data Logic Sir—In his column of July 4, William Cochrane mentions efforts of local communities to close the European Community Trade Marks Office in greater London.

Commonwealth matters

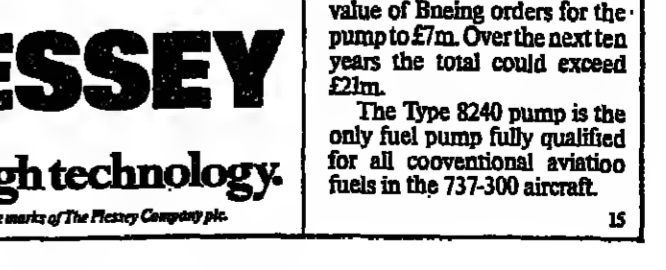
From Cdr Innes Hamilton Sir—The FT was right to publicise its leader on the Commonwealth (July 14) but one wonders, in the light of the restrained language, whether its writer has actually read the findings of the Commonwealth eminent persons group...

EUROPEAN CMOS AGREEMENT

Two of Europe's leading semiconductor manufacturers, Plessey Semiconductors and Matra-Harris, have agreed on joint sourcing for advanced 2-micron, double-layer, metal CMOS technologies. Within the next six months, the companies will begin to establish a common cell library and CAD design tools for a 1.2-micron process.

Plessey wins coveted Boeing award

The award to Plessey was principally because of the cost savings the Company had managed to effect. Boeing also praised Plessey responsiveness to major schedule alterations, adherence to delivery promises and excellent product support. Plessey supplies Boeing with fuel boost pumps for its best-selling 737-300 aircraft.



SHEERFRAME advertisement for PVC window and door systems.

FINANCIAL TIMES

Thursday July 17 1986

Balfour Beatty are Building O1-686 8700 advertisement.

Carla Rapoport looks at Japan's rising living costs despite cheaper imports

Yen windfall fails to satisfy consumers

THE COST of importing goods into Japan may be falling sharply but Hershey chocolate bars are not getting any cheaper...



Mr Yasuhiro Nakasone

As a result, a lot of the benefit of the higher yen, in the case of agricultural products, is staying in the distribution chain or government agencies...

Marubeni, one of Japan's largest trading houses, said 'retailers, for example, were trying to hold on to the profits created by the higher yen to make up for the previous two decades of slim, if any, profit margins.'

As a result, the Government recently agreed to lower the price of beef, but by only 10 per cent.

The continued high price of important goods is a source of embarrassment to Prime Minister Yasuhiro Nakasone's Government, which has an avowed policy of encouraging imports...

Moscow insists on summit conditions

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN LONDON

MR EDUARD SHEVARDNAZE, the Soviet Foreign Minister, yesterday emphasised that the Soviet Union continued to insist on significant progress on arms control as an essential condition for agreeing to another US-Soviet summit.

At the end of a two-day official visit to Britain which has led to a noticeable thaw in Anglo-Soviet relations, Mr Shevardnadze carefully avoided committing his government to a date for a summit with the US. However, he did say that serious preparations at a press conference were under way.

Loss at BankAmerica

Continued from Page 1 the sometimes volatile road to recovery. However, many Wall Street analysts said that the surprise losses had seriously damaged BankAmerica's credibility in the investment community and increased the likelihood of a management reshuffle at the top of the troubled banking group.

Rough road forecast for European car makers

By Kenneth Gooding in London

WESTERN EUROPE has become the main battleground in the struggle between the Japanese and the US multinationals, Ford and General Motors, for supremacy in the world car market, according to the latest International Automotive Review.

It suggests worldwide car sales will be split increasingly between these two groups and that 'only the strongest European-owned manufacturers offering a full range of cars will remain as important in the global scene as they are today.'

Pressure on Reagan as Howe warns of sanctions

Continued from Page 1 his policy of winning concessions from Pretoria through quiet diplomacy rather than confrontation. Congressional supporters of sanctions believe that he could well veto tough sanctions legislation.

S.African emergency laws upheld by court

BY BERNARD SIMON IN JOHANNESBURG

THE SOUTH African Supreme Court yesterday ordered the government to give detainees imprisoned under the state of emergency access to their lawyers but turned down a black trade union's request to invalidate the emergency regulations.

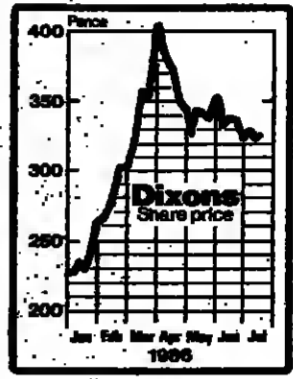
Insider dealing action

Continued from Page 1

actions into stock exchange infringements often terminate in a dead end as a result of bank secrecy laws in countries as diverse as Luxembourg, Switzerland, the Bahamas or the Cayman Islands.

THE LEX COLUMN

Life after Woolworth



Dixons has produced the sort of full-year figures to bring tears to the eyes of any fund manager who turned down its bid for Woolworth.

The simple tale is the most convincing. Dixons has managed to increase the volume through the changes by between 15 per cent and 20 per cent, has held its costs and pushed up margins - by, say, a point at the gross level - through the introduction of own-label brown goods at Currys and the repositioning of undemanding computers at Dixons.

BankAmerica

Whenever BankAmerica seems to have turned a corner the next

rewrite the risks that the companies will not touch. This suggests that the insurance companies may raise yet more money before they feel confident enough to tackle some of the available risks.

At today's rates insurance companies are still making a smaller return on equity than the industrial sector. Until that relationship is altered it will be too soon to rule out a repeat of the rush for business of the late 1970s.

Union Discount

If Union Discount had published its interim statement last Friday shareholders might have seen a dividend increase. Then a base rate cut looked almost imminent. Now the old worries about starting make it a more distant prospect.

US insurance

Travelers' acquisition of Dillon Read adds a little more weight to the theory that the US composite insurers are not going to put money raised from shareholders straight into another suicidal dash for insurance market share.

Most of the money appears to be directed at new commercial lines, but the problem remains one of lack of capacity rather than excess.

IN INTERNATIONAL INVESTMENT, THIS IS OFTEN THE SHORTEST DISTANCE BETWEEN TWO POINTS. Kuwait International Investment Company advertisement.

World Weather

Table with weather forecasts for various cities including London, Paris, Rome, etc.

Paris warned by EEC

Continued from Page 1

In measured and firm terms he said that the President's fears over French assets falling into foreign hands were 'completely without foundation.'

Insider dealing action

Continued from Page 1

laboration agreements, representatives from Britain and France yesterday both backed calls for more international links between regulatory authorities.

Handwritten Arabic text at the bottom of the page.

INDEPENDENT GLASGOW STOCKBROKER

Seek recent university graduates to join expanding investment department. Financial experience preferable but not essential. Essential: scope for hardworking, accurate and ambitious person who can communicate well and support existing team of advisers. Tempo can be frantic. This is not a job for the lazy, nervous or aloof. Remuneration strongly bonus related. Local talent preferred.

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FOREX APPOINTMENTS

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Tel: 07-588 0262

BIG BANG!

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John Kilburn-Toppin
01-499 7806

Investment Consultant

Managed Funds

to £25,000 + car + benefits

Our client has an enviable reputation for professional fund management and consistent growth. With more than £10 billion under management, they are one of Britain's leading investing institutions.

They currently seek an ambitious investment professional to manage a varied and interesting corporate client portfolio of approx £75m. This will involve close liaison with pension fund trustees on the allocation of investment monies. Ideally, you will be a graduate, aged between 25-30, possessing a sound knowledge of investment markets gained possibly as an analyst, asset manager or consultant with a private client portfolio. A first class remuneration package awaits the successful applicant, including a car, subsidised mortgage, and profit sharing.

Please address your application, quoting reference CRS 433 enclosing a comprehensive Curriculum Vitae stating companies to which you do not wish your application forwarded to: Steve Garlick, Lockyer, Bradshaw and Wilson Limited, 39-41 Parker Street, London WC2B 5LH.

LBW
LOCKYER, BRADSHAW & WILSON
LIMITED

Gilt-Edged Portfolio Manager

Kleinwort Benson Investment Management is seeking to appoint an additional fund manager to its expanding multi-currency fixed interest team. The successful applicant is likely to be a graduate, aged 23-30, and will be expected to manage gilt-edged and other sterling-denominated portfolios within an international framework.

An important part of his or her responsibilities will be contributing towards the strategy followed for all fixed income portfolios. The ability to communicate both orally and in writing, and a minimum of two years' experience of the gilt-edged market, are necessary for this post. Experience of other fixed income markets, while advantageous, is not essential.

We offer an attractive salary and benefit package together with excellent career prospects.

Please write enclosing full cv. to:-
Gareth Hughes, Assistant Manager - Personnel
Kleinwort Benson Limited, 20 Fenchurch Street, London EC3P 3DB.

Kleinwort Benson Investment Management

Tokyo

Capitalise on Market Advantage

This merchant banking subsidiary of a major international banking group is expanding rapidly from its solid base in all the main financial centres of the world. Capitalising on the group's existing ten-year presence in Japan and its own unique market position, the bank is now poised to further the scope of its specialist representation in Tokyo with the appointment of two additional senior executives.

Deputy to the Chief Representative

Head Syndication/New Issue

Whilst deputising for the Chief Representative, you will be in charge of the origination of new issues at lead manager and underwriter levels, swaps marketing and private bond placement. As further staff are recruited, your supervisory role will increase, in addition, your talents at identifying and targeting potential clients will be invaluable.

In your late 20s-early 30s, you are a graduate with an understanding of Japanese business methods and at least two years' experience in the New Issues Department of a major international investment bank. You are experienced in winning mandates for swap-related issues and are energetic and sensitive to building long-term, mutually-beneficial relationships with clients. You have the ability to co-ordinate business amongst the Bank's global offices.

Remuneration, tax free, is part of the highly attractive expatriate package. To apply, please telephone or write in the strictest confidence to Deborah Hayden at Cripps, Sears & Associates Limited, Personnel Management Consultants, International Buildings, 71 Kingsway, London WC2B 6SL. Telephone: 01-404 5701.

Representative

Head of Bond Sales

As Head of Bond Sales, you will develop and control the placement of bonds in Japan. You will have responsibility for the fixed interest securities book during Tokyo trading time and play an integral part in feeding market information to international branches.

Aged 23-32 and preferably a graduate, you wish to increase your potential in a global team and are motivated by both individual and corporate success. Confident in handling a wide range of products, you have relevant experience in bond sales and trading. A knowledge of the Japanese market would be advantageous. You are energetic, articulate, enjoy working under pressure and relate effectively with both clients and colleagues.

Major New Investment Co.

Finance Executive

MBA/ACA age 23-26

An unusual and exciting opportunity is offered by our Client, a new listed investment company with solid institutional backing, which will shortly embark upon a programme of investments and acquisitions.

They seek an ambitious, highly numerate and capable executive to assist them with company analysis and assessments. Actual experience in this area would be helpful, but is not essential. It is important that the person can identify with the aims and philosophy of the organisation.

The successful applicant is likely to have an MBA, and a background in industry, or he/she could be a qualified Chartered Accountant looking for challenging work outside the profession. An initial degree in Engineering, Law or a related subject would be useful.

This position offers excellent remuneration, incentive benefits and future prospects for the right person.

Please reply in confidence quoting reference 752 to Caroline Magnus, Overton Shirley and Barry, Princes Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 01-248 0355.

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INTERNATIONAL SEARCH AND SELECTION CONSULTANTS

ECONOMIC RESEARCH

Our client, one of the largest and most forward looking stockbroking firms, wishes to expand its highly regarded Economics research team. We are therefore seeking a:

UK Economist

Probably with three to five years experience to help produce their regular publications on all aspects of the UK economy.

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A capable Economist or Econometrician with considerable experience to edit and take responsibility for a small team which produces the firm's regular currency reviews.

Both jobs call for individuals with a high level of ability and commitment who will be able to take a high profile role. Remuneration packages will fully reflect the importance placed on these positions.

Please contact Stephen Embleton or Elizabeth Evans who will treat all enquiries in complete confidence.

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Branch Manager

Guernsey

The Co-operative Bank is Britain's fastest-growing Clearing Bank, a dynamic organisation, constantly developing and increasing the range and scope of the services offered to our customers.

We are about to open a branch in Guernsey, our first outside mainland Britain, for which we require a Manager.

Essentially, you will be a communicator, with highly developed entrepreneurial skills that will lead you to gain new business - rapidly, building from a small existing customer base.

We envisage that this new and exciting opportunity will interest a Channel Island banking professional, keen to take the next step up the ladder. We offer a salary that will reflect the importance of this position, plus an excellent benefits package. In addition, success in this new venture could lead to considerable career opportunities as we continue our planned programme of expansion.

If you believe you can contribute to this very exciting development, please write in the first instance to:- Kevin Farrell, Co-operative Bank plc, P O Box 101, 1 Balloon Street, Manchester M60 4EP.

Interviews will be held locally if necessary.
We are an equal opportunity employer.

THE CO-OPERATIVE BANK

Company Legal Adviser

c £25,000 + car

Our client, a leading UK international airline, seeks a Legal Adviser, to be located at their main operating base and head office in Southern England. Reporting to the Commercial Director, the principal responsibility will be to advise the Chairman and board members on all legal matters affecting the operation of the airline.

The successful candidate will be legally-qualified and, ideally, he or she will be experienced in industry or business. Alternatively, a solicitor who is enthusiastic to move from private practice into the business world, and has the potential to absorb quickly the commercial and operational intricacies of the airline industry, will be considered. The industry is highly-regulated and a period of training with a leading aviation law practice will be provided, if necessary.

The ability to operate at Board level, yet be able to relate effectively to other managers and staff throughout the airline, is essential.

The attractive remuneration package includes a company car, private medical insurance, and the usual travel benefits associated with a major international airline. Reasonable relocation costs will be reimbursed, if necessary.

Male or female applicants should write in confidence to Edward B. Gorman, Personnel Services Division with a comprehensive CV or telephone for a Personal History Form quoting Ref. E2013.

P-E Consulting Services

692 Warwick Road, Solihull, West Midlands, B91 3DX
Tel: 021-705 8238

U.S. Investment Bank

Career opportunity for young graduate or individual with minimum of two years' investment banking experience. Candidates should be aged 22-25 and must be fluent in Finnish and Swedish. Individual must be familiar with Scandinavian business practices and should have strong knowledge of foreign currency exposure management. Knowledge of computers preferable.

Salary and benefits commensurate with age and experience.

Interested? Send full cv. to:
A. F. Smith, Vice-President
Goldman Sachs International Corp.
5 Old Bailey, London EC4M 7AH

NEW JAPAN SECURITIES EUROPE LIMITED

CAPITAL MARKETS

ASSISTANT SALES PERSON

FLUENCY IN FRENCH A MUST

Due to the expansion of our business in France and Benelux a position has arisen on the sales side of the fixed interest securities desk. Applicants will be considered from positive, well-educated people aged 20-30 with a wide interest in financial and economic affairs and who are prepared to work in a multi-national/Japanese environment.

Full training will be given but previous experience in France will be an advantage. Business trips to Western Europe will be a regular feature and the remuneration package will be competitive and commensurate with experience.

Please apply in writing, with full curriculum vitae, to:
Miss K. Tanno - Assistant Personnel Officer
New Japan Securities Europe Limited
4 Fenchurch Street, London EC3M 3AL

The application should be received by us by
Thursday July 31 1986

Jonathan Wren

JAPANESE SALES

£30,000 to £70,000

We are currently assisting a UK stockbroker which is expanding its London based Japanese securities sales capability. A definitive commitment has been made in developing this area of its business, demonstrated by the current establishment of a major presence in Tokyo. We are seeking candidates with experience of Japanese equities who would welcome such an opportunity within the structure of a 2 year service contract. In addition to a basic salary in the range indicated, a substantial bonus will be guaranteed together with other benefits, including company car. Contact Roger Steere or Fiona Pearson.

ASSISTANT DIRECTOR, PERSONNEL

to £35,000 + bonus

Our client, a major British merchant bank, seeks to appoint an additional Assistant Director in its personnel department to have personnel management responsibilities for a number of specific business areas. Banking experience, particularly of capital markets, is essential, as is the ability both to be a team player and to take responsibility. Age 30 to 38 is required, and the package will include a car, mortgage and participation in the bank's bonus scheme. Contact Mark Forester.

All applications will be treated in strict confidence.

Jonathan Wren
Recruitment Consultants
170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266

SYDNEY HONG KONG

كلنا من الأصل

Regional Manager, Southern Europe Direct International Expansion

With an established network of branches and offices worldwide and an enhanced ability to service its global client base, this major international Bank provides a complete range of retail and wholesale banking services. Maintaining its policy of continued development, London, as the European Headquarters, now seeks to recruit a further specialist for the Southern European Region.

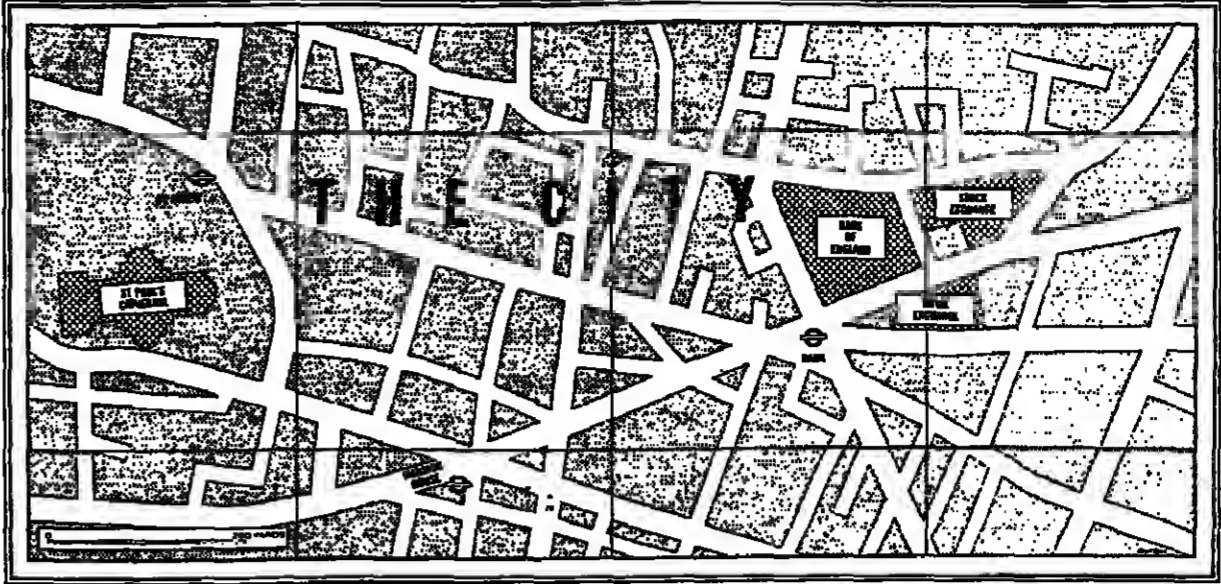
As Regional Manager, Southern Europe, your primary role will encompass responsibility for credit for the corporate, banks and countries located within your geographic area. Reporting directly to the Credit Committee, you will generate new and maintain existing relationships and manage the credit and country risk exposure. Additionally you will maximise marketing opportunities by fully utilising the Bank's

product specialists within the treasury and capital markets areas.

You have an excellent background in credit and between 10-15 years international banking experience with a minimum of 5 years front line calling. Fluent in Italian and Spanish, you are able to assess credit applications in both languages. Mature and diplomatic, you can interface with people at all levels, both externally and within the Bank.

Prospects for further advancement are excellent. Salary is negotiable, commensurate with experience and an excellent benefits package will be offered. Please telephone or write, in complete confidence, to Carrina Leon Ogle of Cripps, Sears & Associates Limited, Personnel Management Consultants, International Buildings, 71 Kingsway, London WC2B 6ST. Tel: 01-404 5701.

Cripps, Sears



Will your consultancy career take off after Big Bang?

At KMG Thomson McLintock our financial and information technology consultants advise major players in Big Bang, in the City, across the nation and throughout the world. Our ability to gain financial and technological advantage for our clients is unsurpassed. With internal promotion and the continued, rapid and managed growth of our consultancy, we now seek experienced senior league consultants capable of operating in the post Big Bang environment.

If you are ready to take off and step up your career, KMG Thomson McLintock could be the right move.

Ideally, candidates will be professionally qualified graduates with 2 or 3 years' experience in a major consultancy.

If you can deal on equal terms with senior executives; think positively and creatively; and have an outstanding track record in advising blue chip clients, then you will enjoy talking to us.

We are ambitious and successful, committed to building a better future for our staff and our clients. We hope you will be too.

KMG Thomson McLintock

For financial consultants our policy of seeking financial advantage for our clients will lead to involvement in business planning, raising finance, treasury management, and corporate restructuring.

For information technology consultants the challenges include advising on business strategy and implementation issues in office automation, data processing and tele-communications.

If you are excited by the prospects, and want your career to literally "take off", then take time to write to John Cornish (ref 3030). He will be delighted to hear from you.

MANAGEMENT CONSULTANTS
70 FINSBURY PAVEMENT LONDON EC2A 1SX

CJA RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-256 8501

Excellent opportunity for an enthusiastic candidate to head up function in an aggressive and challenging environment.

**COMPANY SECRETARY
- MERCHANT BANK**
CITY £20,000-£30,000 + car

PROMINENT MERCHANT BANK WITH EMPHASIS ON TRADING ACTIVITIES.
We invite applications from Chartered Secretaries, aged 28+, who must have gained at least 4 years' post-qualification experience within the Financial Services Industry, preferably in the City of London. The selected candidate, who will report to the Managing Director, will be responsible for the full range of Company Secretarial duties including: all statutory reporting requirements; liaising with the Bank of England on supervisory matters; sealing of Bank documents; attendance at Executive Committee meetings and Board meetings including organisation and issue of agenda and minutes; membership of appropriate internal Committees and liaison with external legal and accounting services. In addition there will be the opportunity for increasing involvement in the Bank's attention to compliance duties in anticipation of regulatory changes. Initial base salary negotiable £20,000-£30,000 plus excellent banking benefits including company car and mortgage subsidy. Applications in strict confidence under reference CSMB/8638/87 will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager.

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH.

APPOINTMENTS ADVERTISING
£41 per single column centimetre and £12 per line. Framing positions will be charged £40 per single column centimetre.
For further information call:
Louise Hunter 01-248 4864
Jane Liveridge 01-248 5296
Dorothy Berry 01-248 4782.

A newly established, expanding in-house Retail Broking Services Unit in the City

Backed by the financial might of NatWest and the track records of County Bisgood and Fielding, Newson-Smith, County Personal Financial Services has been created to enable NatWest Investment Bank to meet the new demands that are being placed on the providers of personal

financial services. This new expanding in-house Retail Broking Operation is now looking for additional talent to help provide clients with the essential services that are necessary in this changing financial environment.

INVESTMENT EXECUTIVES to c. £17K package

We are seeking men and women with solid experience in all aspects of stock market dealings. Professionals who can confidently advise NatWest clients on any aspect of their portfolio. In addition to your stockmarket experience we will be placing emphasis on your written and oral communication skills, coupled with your ability to perform under pressure.

UNIT TRUST ADVISOR to c. £17K package

Again written and oral communication skills are very much in demand - coupled with an in-depth knowledge of the unit trust market.

BANK DEALING DESK CLERKS to c. £10K package

For this vital area we would like to hear from young men and women who have future potential supported by around 2 years' experience of handling stock exchange orders for branch banks. If your experience has included unit trusts, so much the better.

All the positions have scope and the security of an organisation that is quick to recognise and reward real talent. In addition to the top salaries we are also offering performance-related bonus * low interest mortgage * car loan facility * subsidised lunches * generous holidays * non-contributory pension.

Telephone our Consultant Stephen Diner on 01-831 0111 between 9.00am and 5.00pm (05805 2823 evenings after 7.00pm or over the weekend) or alternatively send your cv to him at: JM Management Services, (Ref 335F), Columbia House, 69 Aldwych, London WC2B 4DX.

NATWEST INVESTMENT BANK

European Equity Analyst

Schroder Investment Management Limited, a subsidiary of J. Henry Schroder Wegg & Co. Limited, is looking for an analyst to join its growing Continental European investment team. Whilst some experience of stockmarkets would be useful, this is not essential. Candidates should have a degree or business school qualification in accountancy, economics or business administration and should be familiar with company accounts. It is important that candidates should speak one or two European languages, and proficiency in Italian or Spanish would be particularly useful.

The position entails analysing the financial situation and business prospects of companies from both the qualitative and quantitative standpoint, a task which forms an essential part of our selection and decision-making process for European investments. The analyst will therefore be expected to travel regularly to Europe to visit the companies which he or she is following.

A fully competitive salary is offered together with an attractive range of benefits including mortgage subsidy, and a generous non-contributory pension scheme. Career prospects within the Schroder Group are excellent.

Applications in writing, with full curriculum vitae, should be sent to: The Head of Staff and Administration, J. Henry Schroder Wegg & Co. Limited, 120 Cheapside, London EC2V 6DS.

Schroders

Investment Information a career development opportunity Central London

Clerical Medical is noted for the strength of its investment management, which has helped the Society become one of the leading life, pensions and unit linked organisations in the U.K.

This new appointment is in addition to a small team who provide varied investment communication support to a wide range of internal and external contacts.

Initially you will be involved with the computerisation of investment performance and competitor performance statistics and analysis of this data.

Ideally you will be a graduate in mathematics, statistics or a

computer related subject with 2/3 years experience in the financial sector or industry. Equally important will be your personal contribution to the development of this team which could prove an invaluable stepping stone towards a career in investment.

We offer a competitive salary according to qualifications and experience plus an excellent benefits package.

Please write with full details to Nick Morgan, Clerical Medical and General Life Assurance Society, Narrow Plain, Bristol BS2 0JH.

Clerical Medical
Life Assurance

SAVORY MILLN

MARKET MAKERS

Savory Milln, having created a very successful market making operation in Continental European shares are expanding into the UK domestic equity market.

In a recent Mori Poll of UK Brokers research, Savory Milln were ranked in the top five places. From October we will be making markets in selected domestic equities and wish to strengthen the existing UK market making team. Ideally applicants will have some market making experience.

To apply, please contact Hugh Hughes on 01-588 1170 or write,

enclosing full CV to:
3 London Wall Buildings
London EC2M 5PU



Savory Milln is a member of the Royal Trust Group

SENIOR TREASURY DEALER

A vacancy has arisen for a Senior Treasury Dealer in the Treasurer's Department of British Aerospace Corporate Headquarters based at Weybridge in Surrey. British Aerospace is one of the world's leading aerospace companies with a turnover in excess of £2.5 bn, of which 60% is exported.

The successful applicant will play an active role both in the investment of the company's substantial cash surpluses and in the company's foreign exchange dealing.

He or she should also have gained experience in dealing in many of the new instruments which may be applied in the field of corporate cash management. A minimum 3 years experience of active dealing in a financial institution or major company is essential.

The preferred age is late 20s/early 30s, and a relevant degree or professional qualification is desirable. ACT membership would be an advantage.

This represents an opportunity to join a highly professional and commercially motivated Treasury team. An attractive salary package is available appropriate to a large Company.

Please write or telephone for an application form and job description to: Mrs. M. L. Handley, Personnel Department, British Aerospace Corporate Headquarters, Brooklands Road, Weybridge, Surrey KT13 8BF. Telephone: 0932 53444 ext. 3404.



PROPERTY FINANCE

On behalf of our client County Limited, part of the NatWest Investment Bank group, we seek an executive aged 25-35 who is fully committed to the property market and ready to take increased responsibility for a large and active portfolio.

Working within a team that has been involved in most of the recent major UK property transactions the candidate will need to demonstrate a professional and innovative approach to loan and equity finance, new product development and a full understanding of the client needs within current and future markets.

Competitive salary package including excellent banking benefits.

Please write in confidence to Sara Bonsey,

18, Eldon Street, Moorgate, London EC2M 7LA. Tel: 01-588 4224

CAPITAL FUTURES
RECRUITMENT CONSULTANTS

**STERLING
BROKERS
LIMITED**

Due to continuing expansion, we are currently looking to employ brokers with Sterling Money Market experience.

Please reply in confidence, by contacting:—
Mrs. J. Cornish,
Sterling Brokers Limited,
65 London Wall,
London
EC2M 5TU
Tel: 01-628 4537

Jonathan Wren
CHIEF ACCOUNTANT
Salary neg £30,000 to £37,000 + benefits

The new capital markets division of a major international bank seeks a high calibre accountant, who is currently working within a banking or stockbroking environment. Aged 30 to 35 years, probably qualified with at least 3/5 years experience covering the following principal areas:—

Systems — involvement/development
Corporate Taxation — UK and international
Accounting — statutory, regulatory, HO and management reporting
Preparation of annual reports and accounts
Liaison with internal/external auditors

**BOND SETTLEMENTS/
OPS MANAGER**
Salary neg £30,000 to £50,000 + benefits

We seek a candidate currently at Assistant Manager or Manager level with a number of years 'front line' experience covering all aspects of eurobonds and equities settlements. Pre-requisites are first class communication skills, management reporting experience and more importantly, the ability to identify, prepare and implement systems enhancement and development. Knowledge of the BTAS bond system would be very advantageous.

Salaries will in all cases be negotiable and accompanied by a full banking benefits package, plus bonus.

Please contact Brian Gooch or Bryan Sales, or send a detailed curriculum vitae. All applications will be treated in strict confidence.

SYDNEY **Jonathan Wren** HONG KONG
Recruitment Consultants
170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266

Could you be the driving force?
Executive Compensation Consultant
Package value circa £40,000

Our Client knows all about setting the pace. A major financial institution with a reputation to maintain, they are breaking new ground yet again with the creation of their own executive compensation practice. What they now need is a business pioneer who can start this up and develop it into a force to be reckoned with in this competitive field.

Your primary responsibility will be to attract and secure new business links — both by drawing on the Company's existing UK client base and through the implementation of a creative marketing and development plan. No small task, it calls for strong commercial acumen, hard-edged, yet diplomatic negotiating skills and a minimum of 5 years practical experience in executive compensation. Aged 30-45, you will be an innovator who can liaise effectively at the highest level and who can demonstrate the leadership skills to develop a successful and profitable business.

The challenge is rare, the rewards realistic. An attractive salary is supported by a substantial negotiable profit-related bonus, executive car, non-contributory Pension Scheme, full assistance with relocation where justified, life insurance and BUPA. If you consider yourself of the calibre we have in mind, apply in the strictest confidence by writing or telephoning, quoting reference 670/FT/JA, for an application form, or send a comprehensive CV to:
Juniper Woolf Consulting Partners,
22 New Canardria Wharf,
Mill Street, London SE1 2BB.
Telephone: 01-231 7127.

JUNIPER Woolf

SEARCH & SELECTION - RECRUITMENT ADVERTISING

UK Treasurer
Home Counties to £27,500 + car

The Treasury Department of this substantial British plc, based to the west of London, plays a significant part in the group's financial development and strategy. The company has a reputation for adopting advanced financing techniques and regards the Treasury as an important profit centre, which adds a particular interest to this role. Reporting to the Group Treasurer, the UK Treasurer will manage a small team responsible for handling foreign exchange, money market operations, bank relationships, trade finance and tax-based financing arrangements. Candidates should be in the early to mid-30s with a professional or graduate qualification and must offer a solid background of treasury operations in a large-scale enterprise. Salary negotiable to the level indicated and senior executive benefits provided. Please send full cv indicating current salary, in confidence, to Michael Egan, Ref: AA26/9863/FT.

PA Personnel Services
Executive Search • Selection • Psychometrics • Remuneration & Personal Consultancy

Hyde Park House, 61a Knightsbridge, London SW1X 7LE.
Tel: 01-235 0698 Telex: 27874

ARE YOU considering Management Consultancy? We need one of our experienced managers to provide additional capacity for our executive search recruitment consultancy. Flexible conditions negotiable and opportunities to help develop a wide range of services. Write now to: The M.C. Search Consultants, 135, 139, Jewry St., London SW1Y 5HR.

As a result of an internal promotion, Save & Prosper, a leading financial services company with £3 billion under management, now have an opportunity for an international bond fund manager.

You will be responsible for a number of funds, both single-currency and multi-currency. Experience of all bond markets is not essential, but experience of Yen and DM as well as Dollar bonds would be an asset. The ability to judge prospective returns from one market as against another, in both currency and bond terms, is vital. You will be situated on the fixed interest desk and expected to contribute both to that desk and in respect of general economic, currency and interest rate views, to the investment department generally.

If you are interested in this position please write in the first instance to Keith Nicholson, Personnel Department, Save & Prosper Group Ltd, 28 Western Road, Romford RM1 3LB. Tel: (0708) 66966.

INTERNATIONAL BOND FUND MANAGER
COMPETITIVE SALARY & BENEFITS - CITY
SAVE & PROSPER

HESELTINE, MOSS & CO.
Members of The Stock Exchange

Are interested in talking to members and non-members with their own portfolio of clients, especially to those who find working in London increasingly difficult and who would welcome working in:

**READING GLOUCESTER CARDIFF
NEWBURY CHELTENHAM SWANSEA
OXFORD BRISTOL CHICHESTER**

For members and non-members committed to London HM & Co also have vacancies in their:

LONDON OFFICE

HM & Co are seeking private client executives for their offices in:

BRISTOL CHICHESTER & NEWBURY

Please contact O. F. Smith, Administration Director, Heseltnine Moss & Co, 30/31 Friar Street, Reading RG1 1AH.
A member of the Brown Shipley Group

Venture Capital

A major institution is expanding its venture capital team to manage funds of approximately £100m with an annual investment of approximately £20m.

Aged 25-35, the successful candidate may have experience within a similar organisation or a development agency. Legal or accountancy qualifications with investigation experience, or an MBA with relevant experience in marketing or finance, in an industrial context would be ideal.

The position will give exposure to all aspects of venture and development finance, including B.E.S. funds and offers responsibility for structuring deals to be syndicated with other City institutions.

Salary and package will be commensurate with experience.
Please contact Emma Weir in confidence for further information.

Stephens Associates
Investment Search & Selection Consultants
44 Carter Lane, London EC4V 3EN. 01-235 7387
Representative Offices New York & Tokyo

TREASURY MANAGEMENT WITH A GLOBAL CAREER DIMENSION
Based Brighton — European Travel

The Travel Related Services subsidiary of American Express is a dynamic and fast growing organisation which reached record profits in 1985 of \$461 million and is continuing to grow rapidly in an aggressive and competitive market place.

The very nature of our business makes cash management and funding a crucial element in determining the Company's profitability. Leading a small team your principal goals will be to:

- Develop and implement the Financing Strategy for the region.
- Maximise usage of the region's cash resources.
- Develop and maintain external bank relationships.

A graduate, in your late twenties or early thirties with an MBA and/or professional qualification and around 5 years relevant experience in a major multinational corporation or bank, you will have already demonstrated outstanding problem solving, decision making and leadership skills in a fast moving entrepreneurial environment.

The compensation package will include a competitive salary, mortgage subsidy, car plan and relocation expenses. Given our rapid growth and global business, career prospects are excellent.

Please write enclosing a copy of your career resume to David Miller, Director Personnel Services, American Express Europe Ltd, Amex House, Edward Street, Brighton BN2 2LP. Tel: Brighton (0273) 693555 extension 6813.

**Economists
Technical Analysts**
£12,000 to £60,000

A number of prestigious Banks, Stockbrokers and Investment Management Houses are currently seeking individuals with economics, mathematics, statistics or actuarial backgrounds.

Experience of analysis in Gilt, International Fixed Income, Currencies, Commodities or Economic Strategy is much sought.

Whether you are actively looking or would simply like to be kept informed we would be happy to advise you of the opportunities currently available.

Please contact Clare Kearns or Emma Weir who will treat all enquiries in confidence.

Stephens Associates
Investment Search & Selection Consultants
44 Carter Lane, London EC4V 3EN. 01-235 7387
Representative Offices New York & Tokyo

Hoggett Bowers
Executive Search and Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Corporate Finance Executive
Henry Cooke, Lumsden Ltd
Manchester

This is one of the largest firms of stockbrokers outside London. It acts as brokers to approximately 40 companies, and is an active sponsor of new issues. As a result of expansion in corporate activities there is a need to augment the corporate finance team with the appointment of a young (25-35) executive. Applicants, certainly of graduate calibre, will have at least 2 years experience of corporate finance within a merchant bank, accountancy practice, or firm of stockbrokers. The company seeks candidates with the skills and stature to make an immediate contribution to the administration and marketing of the department. The remuneration package is totally negotiable but will include an appropriate salary, annual bonus, and non-contributory pension.

R.D. Howgate Ref: 27439/FT. Male or female candidates should submit in confidence a comprehensive CV, 061-832 3500, Hoggett Bowers plc, St. John's Court, 78 Garside Street, MANCHESTER, M3 3EL.

International Banking

MGR: UK MARKETING

Our client is the London branch of an International Bank of substantial standing, which has experienced rapid growth in London in recent years. Current expansion plans offer an excellent opportunity for an ambitious banker, required to assist in the development of its corporate business.

The successful candidate, likely to be early-mid 30's, will have had several years experience in UK Corporate lending, broad-based and including trade finance.

This is a progressive opportunity, offering good prospects for further advancement. Salary and benefits will be commensurate with the position.

Detailed curriculum vitae should be forwarded to the address below or alternatively, please telephone for a confidential discussion.

01-628 4501
BANK RECRUITMENT CONSULTANTS 87/88 LONDON WALL, LONDON EC2

Gordon Brown

SENIOR INVESTMENT ANALYST REQUIRED

Do you want to change commuting for the countryside? A fast moving investment management company, NASDIB registered, based in the country, requires an experienced private portfolio manager/investment analyst, with experience and in-depth knowledge of all major international markets.

The company has all the latest technological facilities incorporating instant access to City institutions combined with the pleasant surroundings provided by working in a country house in the South East.

Remuneration is negotiable but will be around £20,000 per annum initially.

Write Box 40214, Financial Times 10 Cannon St, London EC4P 4BT

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BUILD YOUR FUTURE WITH FREDERICKS PLACE GROUP

A major expansion programme in Fredericks Place Group has created exciting opportunities for talented and ambitious financial services specialists.

FPG is a new financial services group, which combines Fredericks Place Group PLC, Spencer Thornton & Co., and The Country Gentlemen's Association PLC.

FPG offers a wide range of advisory services to over 50,000 individuals and small companies. We have a network of 12 offices throughout England and Scotland.

Now we want to expand aggressively throughout the market and require staff at all levels and locations.

We're also looking for men and women with the desire to establish new branches, specialising in one or more of the above services, in new locations.

Build on your experience in:

- Stockbroking - Private client account executives, directors' assistants, institutional salesmen, analysts and dealers.
- Insurance broking - Life, pensions and unit trust advisers, general broking.
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Write in complete confidence to:

Stuart Goldsmith, Chief Executive,
Fredericks Place Group,
1 Fredericks Place, Old Jewry,
London EC2R 8HR.

Manchester · London · Letchworth · Horsham · Crawley · Abingdon · Sudbury
Cullompton · Alresford · Edinburgh · Dalkeith · Dundee

F P G

Synthetic Securities

£Negotiable

The investment banking subsidiary of a major US bank currently wishes to recruit a specialist to strengthen its abilities to transact and deliver synthetic securities. The role will necessitate working in close conjunction with the bond trading, asset sales and swaps teams to identify and exploit market opportunities.

Candidates will probably be in their mid to late twenties and must have a broad understanding of the capital markets, together with strong analytical skills. They will probably have a background in bond/FRN sales or trading, swaps or asset sales. Those with first hand experience in this new and exciting market will be of particular interest.

The remuneration package is fully negotiable, subject to a candidate's experience and abilities and will include a performance related bonus and other bank benefits. Interested applicants should contact Christopher Smith on 01-404 5751 or write to him enclosing a comprehensive curriculum vitae at Michael Page City, 39-41 Parker Street, London WC2B 5LH, quoting reference 3658.



Michael Page City

International Recruitment Consultants - London Brussels New York Paris Sydney
A member of the Addison Page PLC group

Project Economics and Planning Co-ordinator Expand and Explore in Oil International Oil Company

This major subsidiary of a US oil company has extensive interests both upstream and downstream. As Project Economics and Planning Co-ordinator, you will provide economic evaluation support and interdepartmental liaison for both on-going and new projects.

Reporting to the Manager, Tax, Treasury and Planning you will be in a position to contribute significantly to the effectiveness of the Company. You will possess highly developed analytical skills and have a knowledge of both domestic and overseas fiscal and political regimes as well as foreign exchange regulations. You will monitor developments in these areas and provide

economic evaluation of existing and new projects to assist senior management decision-making. In addition, you will maintain records and liaise with operating, legal and accounting departments to ensure an integrated approach. Highly articulate and strong on initiative, you will be a self-starter and will derive considerable satisfaction from this challenging role.

Probably in your 20s and a recently qualified accountant or a graduate in economics, statistics or business studies, perhaps with legal experience or an oil industry background, you will be well placed to demonstrate your abilities.

A competitive remuneration package is available. In complete confidence, please ring or write to Margaret L. Elliott or John Diack at Cripps, Sears & Associates Limited, Personnel Management Consultants, International Buildings, 71 Kingsway, London WC2B 6ST. Telephone 01-404 5701.

Cripps, Sears

Fund Manager Europe + UK

Circa £40,000 and substantial benefits

Our client is the institutional investment management subsidiary of a major US Bank Holding Company with over \$2 billion of ERISA funds under management. As one of the premier international ERISA fund managers, they seek a highly able individual to play an important part in their continuing development.

Probably aged 30-40, candidates should have a sound track record in fund management, or possibly research, gained in a performance motivated institution or a stockbroker. Knowledge of both the European and UK markets is preferable; the ability to take a quantitative approach to stock selection and demonstrate communicative and management skills is essential; previous exposure to ERISA funds is an advantage.

The position will involve joining a small, professional and highly motivated team to take over responsibility for the performance of the UK and European content of ERISA funds under management. This will necessitate stock selection, within the parameters of research led strategy, together with supervision of analysts and client presentations.

Please contact Anthony Innes who will treat all enquiries in confidence.

Stephens Associates

Investment Search & Selection Consultants
44 Carter Lane, London EC4V 3SE. Tel: 01-236 7307
Representative Offices: New York & Tokyo

Life

British National

FUND MANAGER

At British National Life, Citicorp's wholly owned life assurance subsidiary, we are proud of our most impressive investment record in unit-linked products.

Funds under management continue to grow rapidly as the Company enjoys a sustained period of buoyant sales and successful investment.

The Investment Department, based at Head Office in Haywards Heath, now needs to strengthen its resources with the appointment of an experienced investment professional specialising in UK or International Equities, who can claim personally the same track record as us.

Aged probably 25-35, a graduate and ideally conversant with PC systems, the successful candidate will assume responsibility for at least two unit-linked funds.

Rewards will include a salary sufficiently attractive to interest high calibre applicants, and the benefits package includes non-contributory pension, company car, mortgage subsidy and relocation assistance to West Sussex if necessary.

Please send your c.v. to, or contact Alison Moncrieff for an application form at: British National Life Assurance Co. Ltd., British National Life House, Perrymount Road, Haywards Heath, West Sussex RH16 3TP.

PART OF CITICORP



FRANK RUSSELL INTERNATIONAL

A leading firm of international investment consultants, with attractive offices in the West End, are seeking two professionals who will participate in our development.

- **Manager Research** — must have a strong personality, be keen on meeting people and be able to produce well-written research material.
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Applicants should be career-orientated with one to three years' experience and be self-motivated. Whilst training will be given in our unique approach, you will be expected to make an important contribution to our consulting practice. A competitive compensation package will be offered to the successful candidates. Please apply in writing, enclosing full curriculum vitae, to:

Mrs. Langton

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28 Bolton Street, London W1Y 3HB. Tel: 01-493 1309/1085

CORPORATE FINANCE EXECUTIVES

Our client is a leading Merchant Bank with a powerful client base and one of the most prestigious Corporate Finance departments in the City. They are currently recruiting high achievers to join the team.

The ideal candidate will be a graduate (at least 2:1) aged 25-28, with either an A.C.A. or legal qualification gained within a City firm or relevant corporate finance experience.

Promotion will be rapid and salary competitive for the individual with entrepreneurial flair who is confident, articulate and a positive thinker.

Please write in confidence to Sara Bonsey.

18, Eldon Street, Moorgate, London EC2M 7LA. Tel: 01-588 4224

CAPITAL FUTURES

RECRUITMENT CONSULTANTS

Careers in Treasury Markets

Money Markets Trader £Neg

Our clients, a major US investment bank, are looking to recruit an experienced dealer to join their Money Markets desk. A proven ability within the areas of multi-currency and short-term securities dealing is essential, as is relevant experience of Sterling CDs and the ECU. The substantial remuneration package offered reflects the importance of this position.

Money Markets (General) £Neg

One of the most respected yet aggressive American International Banks is expanding its money market operation. Vacancies across the board for junior sales staff to senior traders exist at the Bank and the competitive salaries offered reflect the urgency in finding the right candidates.

Forex Dealers £Neg

Our UK Merchant Bank clients have vacancies for 2 Foreign Exchange dealers with varying degrees of experience. The senior position is for an experienced spot trader with a sound knowledge of most of the major currencies and a junior dealer with about 18 months trading experience is also required.

For further information on these and other appointments please contact Louise Gore on 01-481 3188.

**CHARTERHOUSE
APPOINTMENTS**

CHARTERHOUSE APPOINTMENTS LIMITED
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INDUSTRIAL ECONOMIST

This post carries responsibility for forecasting car and commercial vehicle demand and production, preparing analytical articles for publication, maintaining and updating forecasting models.

DRI Europe (an operating company of McGraw-Hill) is market leader in providing economic analysis and quantitative research for the European and world automotive industry. Our automotive desk, based in London and Paris, combines rigorous analytical techniques with informed judgement in our forecasts and issue-related work.

Candidates must be able to show evidence of report writing skills and practical use of quantitative analysis. A background including analytical experience in the motor industry will be advantageous, as will language skills.

Candidates will require strong academic qualifications (probably an MSc (Econ) or equivalent) with a good grounding in econometrics and other quantitative techniques. They should be ready to progress towards a prominent role in developing and presenting DRI services to clients in Europe and beyond.

Expected salary range: £12-20,000 according to experience. Prospects for advancement to more senior posts are excellent.

Please reply in confidence to:

John Lawson,
DRI Europe Ltd
30 Old Queen Street
London SW7Y 5EP



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Please write to:

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Easton House, 83-103 Easton Street
London NW1 2ET

FIRST EQUITY

Accountancy Appointments

Corporate Communications Newly Qualified

West End

Our client, Reginald Watts Associates, are a rapidly expanding organisation specialising in both the marketing and corporate communication sectors. Having already established an enviable reputation in their marketplace, the company now has firm commitments to develop its operations and to add to its already impressive client portfolio. The Directors recognise that an integral part of its future growth is the appointment of a Financial Controller to both complement and extend the breadth of experience of its management team. A young, recently qualified accountant is therefore sought to join the company in the

to £18,000 + Benefits

position of Financial Controller to participate with management in the running of the company and to provide the financial input to the overall decision making processes.

Prospects within the company are excellent and it is anticipated that the selected candidate will be considered for a directorship and an equity stake in the business in due course.

If you consider that you have the necessary drive and ambition that our client requires please contact Charles Austin on 01-831 2000 or write to him at Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.



Michael Page Partnership

International Recruitment Consultants

London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Paris Sydney

A member of the Addison Page PLC group

Group Financial Controller

Herts

c. £25,000
+ Car



Arthur Young Executive Selection

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Our client, a profitable and expanding Group of companies with a turnover of the order of £35 million, is a market leader in the manufacture and distribution of high quality materials for interior decoration.

Reporting to the Group Finance Director, the position is responsible for all financial and management accounting, Group budgeting and taxation matters. In addition, the job holder will be closely involved in the current major enhancement of Group computerised accounting systems and policies.

The successful candidate is likely to be a

graduate Chartered Accountant, aged between 35 and 45, with relevant experience in a high volume marketing and manufacturing environment. Personal attributes should include strong leadership qualities, a common sense approach and an ability to work under pressure.

Please reply in confidence, giving concise career personal and salary details, quoting Ref EP873 to: Brendan Keelan, Executive Selection, Arthur Young Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

Young CA

Private investment fund Sussex c. £20,000 + car

Substantial funds are deployed by this investment group which incorporates a large estate in Sussex where the head office is based. Existing interests span manufacturing and other businesses in the UK, USA and the Continent, and the active investment policy will expand this base. The Finance Director requires a self-motivated Chartered Accountant in the late 20s with microcomputer experience, particularly in spreadsheets and data bases, who will be responsible for accounting, treasury and administration duties as a key part

of the small central team. The role will range from acquisition investigation and the preparation of business plans and financial budgets to the development of reporting systems. The post offers a demanding alternative to the large company, in a highly professional and congenial environment. Salary negotiable at the level indicated with car provided.

Please send full cv indicating current salary, in confidence, to Michael Egan, Ref: AA26/3957/FT.



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US INVESTMENT BANK DEVELOPMENT ROLE

ACA's 26 - 30

£30,000 PACKAGE

As a result of increasing client demand, our client, a strong competitor in the major financial markets, is continuing its programme of co-ordinated expansion in the UK.

To meet the demands of the highly competitive environment and new regulatory framework in the city, they are now seeking to appoint an individual of outstanding ability. The role will be advisory and developmental in nature and will involve the provision of technical support across all trading areas. Initially some time will be spent in New York gaining familiarity with our clients operations. The successful candidate is likely to have already gained some experience within a banking environment or be at manager level within a major professional firm.

Interested applicants should telephone Robert Walters on 01-930 7850 or write enclosing brief details to the address below.

ROBERT WALTERS ASSOCIATES

RECRUITMENT CONSULTANTS

66-68 Haymarket London SW1Y 4RF Telephone: 01-930 7850

FINANCIAL CONTROLLER/ POTENTIAL FINANCE DIRECTOR

Up to £17,000 + car + benefits

A young privately owned Group, a market leader with strong growth over the last 5 years, seeks a Financial Controller/potential Finance Director to assist in its exciting expansion plans.

The successful candidate will be responsible to the Managing Director for the entire finance function in a marketing organisation with its own production units. The Group supplies consumer products mainly to retail multiples.

Candidates, aged 30-40, should be qualified accountants with first class relevant industrial/commercial experience and with the potential to match the future growth of the Group.

Please reply, enclosing C.V. to:

The Managing Director, SimpleGrow Ltd., Bury Road, Chedburgh, Bury St. Edmunds, Suffolk. IP29 4UQ

SimpleGrow

Assistant Financial Controller

Ideal Homes Holdings plc, the residential development division within the Tatler House Group have a vacancy for a fully qualified, experienced Accountant to join their Finance Department based at West Byfleet.

The successful candidate will take responsibility for a full range of financial services to Senior Management including attendance at Board Meetings and will have experience of the initiation and maintenance of Computer Systems and reporting procedures preferably within a Construction or Development Company. Frequent overseas travel will be necessary initially.

An excellent salary will be offered together with a company car and the usual range of large company fringe benefits.

Please write or telephone for an application form to:

Mrs J Heaton, Personnel Manager.



FINANCE EXECUTIVE

EXCELLENT SALARY
AND BENEFITS PACKAGE OFFERED

We are a leading US designer and manufacturer of high performance data communications systems.

We are seeking a highly-motivated candidate for a key financial position at our European Headquarters in the UK. The ideal candidate will be a Qualified Accountant with a minimum of 10 years' experience at Controller level in a computer-related electronics industry and possess a thorough knowledge of US accounting methods, regulations and procedures.

Please send full cv to Box AD196, Financial Times
10 Cannon Street, London EC4A 4BY

Finance Manager

W. London To £20,000 + car

Our client, the investment based subsidiary of an internationally known public company seeks a senior financial executive to join a high level management team.

As a key member of the management team the appointee will be responsible for the entire accounting function of this substantial organisation, and its subsidiary companies.

Managing a team of 14 staff, the main tasks will be to formulate, establish and maintain accounting policies and procedures; and to provide financial information to senior managers.

An enthusiastic and innovative approach will be required to manage and run this flexible operation which needs to develop in response to the rapidly changing demands of the organisation.

Suitable candidates will be Graduate ACA/ACCA qualified. Previous experience in a relevant environment such as an Insurance Company will be desirable, as will evidence of management skills.

Prospects for career development are excellent both within the company and the parent group.

Please apply directly to Suzanne Wood on 0753 857181 (days), 01-876 5405 (evenings), or write to her at Robert Half Personnel, Mountbatten House, Victoria Street, Windsor, Berks SL4 1HE.



Ambitious Financial Manager

— an outstanding career opportunity for a top flight professional

c. £25,000 + Car + Benefits

Northern England

A major international food group, our client is pursuing an extensive acquisition programme, which will place increased demands on all Group Services. In response to a new position, reporting to the Director of a major service function has been created.

Key responsibilities will be to provide Financial and Commercial information, advice and control in a Division which represents a major area of the company's expenditure. In addition, the incumbent will provide a number of Group Services to a complex and sophisticated business.

To exploit fully the potential of this opportunity you will need to be a Management Accountant and will probably be a graduate. Aged in your early 30's you should be able to demonstrate sound commercial experience gained in a progressive demanding environment. Strongly developed inter-personal skills are essential not only to manage a group of 50 through subordinate managers but

to implement change in a positive yet empathetic fashion. A key factor from our client's perspective, is that candidates should be capable of making further advancements within the business.

A first class benefits package includes car and relocation to a very desirable part of the country.

Write with full CV to Confidential Reply Service, Ref: FAP/270, Austin Knight Advertising UK Limited, 35 Peter Street, Manchester, M2 5GD.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Confidential Reply Service Supervisor.

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CHIEF ACCOUNTANT — DESIGNATE —

CITY

In all sectors of the investment and securities industry, Morgan Stanley is a very powerful influence...

With an established strength of 500 staff and plans to add a further hundred key talents before the end of '86, we can, quite genuinely, offer the excellent prospects that are missing from many careers.

Our future Chief Accountant will play a decisive role in harvesting the information that will guide our growth. With the advent of new regulations, change is a very real challenge. We need someone who can rise to it. A mature minded professional with at least 3 years' sound post-qualification experience. Someone who can impress at all levels and impose their will by first winning respect.

Mind you, if you possess these crucial qualities, you will receive all the backing of a fully committed management. To us, information is a vital resource. While many companies pursue a policy of 'least expenditure for survival,' we prefer to 'invest for growth.' That's why, we have confidently pioneered new IT systems — like daily reporting and full audits of all trading activity. Few organisations have so many facts at their fingertips.

Your priority is to continue this trend. To travel to New York and Continental Europe to monitor all leading-edge developments. To upgrade the systems that will underwrite our future. To provide the accounting and management reporting that is so essential in the radical new City environment. And, in return, we promise to reward you with a top income package and the firm prospect of promotion to Chief Accountant after only six months.

The question is, do you have the qualities and qualifications to climb so high? We'll be waiting for your answer. Please write in confidence to Lynn Hopping, Assistant Personnel Manager, Morgan Stanley International, PO Box 132, The Commercial Union Building, 1 Undershaft, Leadenhall Street, London, EC3P 3HB.

MORGAN STANLEY INTERNATIONAL

EXPERIENCED FINANCIAL CONTROLLER Required For PART-TIME VACANCY

Required for an International Specialist Magazine Publishing Company based in North West London. This position is likely to suit a qualified accountant who now only wishes to work three days a week. The person selected must demonstrate a sound knowledge of magazine publishing and have a proven success record installing and monitoring financial control systems and compiling written reports for board meetings. The applicant must be familiar with computerised accounting and financial modelling.

Please reply, with full curriculum vitae, to:
WILDER COE (Ref: CSS)

24 Weymouth Street, London WIN 3FA

Accountancy Appointments

LOOKING FOR VARIETY? ACCOUNTANTS FOR CONSULTANCY

One of the attractions to a young accountant joining a consultancy is the variety of experience that it offers, whilst enhancing career prospects.

At the present time David Hayde is advising a small privately owned group on its strategy, structure, systems and staffing; Elaine Brant is commuting each week to Geneva, helping an international aid agency to strengthen its accounting and administration; Mike Sheehan is helping a fast growing electrical equipment group to improve its accounting and

management information systems. While we have strong specialist consulting groups for particular industries, David, Elaine and Mike are members of our general financial management consulting group.

They draw on relevant experience they have gained in quite different environments to strengthen the financial or administrative performance of their current clients.

If, as a qualified accountant with a good degree, you would value variety of experience and would like to discuss career opportunities in management consultancy, please send a brief CV to Mike Coney, our recruitment co-ordinator, quoting ref. A/JUL6.

**PEAT
MARWICK**

Peat, Marwick, Mitchell & Co., Management Consultants,
1 Fuggle Dock, Blackfriars, London EC4V 3PD



Finance Officer King Edward's Hospital Fund

London W2

Not less than £25,000

The King's Fund is an independent charity with an annual income that has been growing and is now over £4 million. It seeks to stimulate the highest standards of good practice and innovation in all aspects of health care and management through research and development, education and direct grants.

The Fund requires a qualified Accountant (preferably IFA or ACA) to manage its financial services, with responsibility for all aspects of management reporting and grant-making, and the financial arrangements for the King's Fund's College, Centre, Institute, Head Office and property portfolio.

Candidates should have high professional standards, an interest or experience in the health care field, be effective communicators and able to demonstrate mature judgement. They must be able to develop exemplary

internal financial systems; they will need both the technical competence to build upon the existing computerised system, and the judgement to make informed and innovative contributions to the Fund's strategic decision making.

Please reply to Martin Manning, from whom additional information may be obtained, with details of age, career and salary progression, education and qualifications, quoting reference 1624/FT on both envelope and letter. Candidate details will be discussed in strict confidence with our client.

**Deloitte
Haskins + Sells**

Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

Group Financial Controller

Due to the promotion of the existing Group Financial Controller, an expanding Public Limited Company based in the Herts/Essex borders requires a replacement. Candidates will be qualified accountants, preferred age 25-30, currently employed in professional practice, with with experience of consolidations and corporate taxation. The salary is negotiable up to £20,000 for a candidate with experience of consolidation with company car, pension scheme and private health insurance.

Please write enclosing CV to:
Box A0199, Financial Times
10 Cannon Street
London EC4A 3DF

YOUNG DYNAMIC ACCOUNTANT

£15,000 p.a.
Expanding Geological Service Company, active in both oil and mineral industry, based in West London, require an Accountant to report directly to the Managing Director.
Applicants will be fully responsible for providing financial information concerning production of Management Accounts to the Board, liaising with Departmental Managers to ensure financial availability.
The position is seen as an ideal first move away from the profession for an ambitious, newly qualified ACA or qualified in developing their career with this organisation, which hopes to see a stock market listing within 3-4 years.
Please apply with full CV to:
Box 10, Canada Street, London EC4A 3DF.

FINANCIAL CONTROLLER

SAUDI ARABIA C SAUDI RIYALS 16,000/ Month

A highly prestigious and successful service company, closely associated with the airline industry, requires a Financial Controller, to be based in Jeddah from December, 1986, for a minimum of two years.

Whilst he is responsible for the entire financial function of five operating units throughout the Kingdom there is considerable authority to assist in devising a business strategy to take the Company into the 1990s.

Qualified Accountants in their 30s with considerable financial experience at senior level should apply.

The Company is fully committed to computerisation and experience of working in an EDP environment would be an advantage.

We need someone outgoing, with an energetic personality, who can communicate with all levels and will make a positive contribution to the training of the local Saudi management.

In addition to the salary indicated, there are the usual benefits connected to an overseas posting, including free housing, school fees and generous air tickets to home base.

Please reply in writing with fullest details to:

The Personnel Manager, Ref. HF-C,

P.O. Box 9178, Jeddah 21413, Saudi Arabia

All replies will be treated in the strictest confidence. Initial interviews will be held in London.

Group Finance Director Designate

c£30,000 - £35,000

Near Rugby

This is a key appointment in a British Group of construction and related companies with a turnover of £80 million. Internal promotion to Group Managing Director has resulted in the need to recruit a successor into this crucial position as an integral part of the senior management team.

Reporting to the Group Managing Director you will have responsibility for the total finance and accounting function and be actively involved in financial policy formulation, financial planning, budgeting, forecasting and financial control. Other

duties will include the day-to-day management of the Group accounting function, including the training and development of staff and the provision of advice on acquisitions and other new ventures.

You should be a Chartered Accountant and have operated at Finance Director or equivalent level in a related industry with a working knowledge of Stock Exchange regulations and Pension Schemes. Experience as a line manager in construction or engineering would be an additional advantage.

A comprehensive benefits package will be negotiable and salary will not be a limiting factor for outstanding candidates.

Candidates should apply in writing, enclosing a full CV, indicating current salary and quoting reference MCS/8690 to Mike O'Grady, Executive Selection Division, Price Waterhouse Management Consultants, Livery House, 169 Edmund Street, Birmingham B3 2JB.

Galliford

Price Waterhouse

Group Accountant

...with international company experience

c.£18,000 + Car

West Midlands

Our client is a rapidly expanding group of companies with a turnover of £300m. This key appointment, based at the groups registered office, will play an important part as the finance function gears itself up to support an organisation now consisting of over 40 operating units; the post will report to the Controller & Company Secretary.

Prime tasks will include consolidation of monthly management accounts within this group context preparation of the annual report and accounts and related taxation work annual budget and half-year review consolidation and development of computerised systems linking the centre with subsidiary companies.

Candidates, qualified and aged around late 20's or early 30's, must possess industrial accounting experience gained in an international company. The ability to innovate and bring about change in a fast expanding environment is as important as the basic statutory knowledge and attention to detail.

Salary as indicated; company car; contributory pension scheme; family medical cover; 5 weeks holiday and other benefits including relocation assistance where appropriate.

Please write with full career details. These will be forwarded direct to our client. List separately any companies to whom your application should not be forwarded. Andrew Russell ref. B.2503.

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CONFIDENTIAL ADVERTISING

GROUP FINANCIAL CONTROLLER

Insurance Broking

LONDON c£24,000 + car + bonus

Due to internal promotion a vacancy arises of Group Financial Controller in the small Head Office team of a large worldwide insurance broking group.

Qualities of drive, enthusiasm and commitment more important than insurance broking accounting experience. Consolidation experience essential.

Would suit 2 or 3 year qualified accountant preferably with a degree.

Excellent potential for promotion within this multinational group.

Applicants should apply to: Box A0205, Financial Times
10 Cannon Street, London EC4A 3DF

EniChem

SUPERVISOR ACCOUNTS

EniChem is a major European multinational chemical concern with manufacturing assets in the UK, Germany and Italy.

A vacancy has arisen for a qualified accountant with experience of accounting concepts on the IBM 38, you will report to the Financial Controller and have a small department reporting to you.

As part of a small team located in the prestigious offices of our West London headquarters, the selected candidate will be responsible for a computerised accounting and management reporting system. Written and oral communication skills and the freedom to travel as and when required to our other offices within the UK and Europe are essential.

Salary will not be less than £15,000 plus private pension scheme and medical insurance.

Please telephone for an application form to:
Susan Aarvold on 01-877 1100

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01-249 5205
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01-948 4782

Assistant Management Accountant

c£15,000

Mercury Communications, is the rapidly expanding rival to British Telecom, providing

an alternative Communications Network for Britain. As part of our development we now need a further Assistant Management Accountant to provide accurate and regular budgetary information. As well as the preparation of monthly statements and annual budgets, it will be necessary to develop new systems and enhance existing ones and be able to respond promptly to information requests from managers. Assistance with capital expenditure procedures will also be required.

This is an excellent opportunity for a newly qualified or part-qualified Accountant who, as well as being numerate, analytical and personable, must be able to work on their own initiative and ready to assume responsibility. At least two years relevant experience is essential, and familiarity with computer systems and spreadsheet and modelling packages would be an advantage.

This job offers a real challenge to anyone wishing to develop their Accountancy experience, with excellent career opportunities in one of Britain's fastest growing companies.

A detailed curriculum vitae will be welcomed by Robert Johnston, Personnel Department, Mercury Communications Limited, 90 Long Acre, London WC2E 9NP.



Financial Manager

Hertfordshire c.£25,000 + car

Our client is the major operating unit of an expanding international group. This position has been created by a reorganisation designed to provide improved management systems in the short term, and then succession at Board level.

Reporting to the Financial Director the responsibilities will include all cost, management, and budget accounting. The major priority will be to manage the design, development and implementation of a computerised standard costing system. The successful completion of this project will bring wider involvement and responsibilities with the potential of a Board appointment after the retirement of the present Financial Director.

The ideal candidate will be a graduate qualified CA, aged 33-40, with at least 5 years' experience in manufacturing. He or she will need to demonstrate high commercial awareness and communication skills. Main-management experience and a sound understanding of mainframe and microcomputer systems are also desirable, together with engineering industry experience.

The remuneration package is negotiable including a bonus, car, family medical insurance etc. Relocation assistance is available if necessary.

Please send full cv, including current salary details, which will be forwarded to our client unopened. (Address to our Security Manager if listing companies to which it should not be sent.) Ref: B2125/FT.

PA

PA Advertising

Hyde Park House, 6th Knightsbridge, London SW1X 7LE.
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Accountancy Appointments

ACCOUNTANTS

City Sals £18-£30K

In preparation for the Big Bang, several of our clients ranging from large merchant and investment banks to small financial institutions urgently require bright enthusiastic qualified accountants to join their rapidly expanding organisations. Positions include:

- Corporate Finance
- Eurobond Accounting
- Operations Support
- Financial Control
- MIS

These represent exciting opportunities with unlimited career potential for the right candidates.

For further details please write or telephone in strict confidence quoting reference SM1559.



Rochester Recruitment Ltd,
22A College Hill, London EC4A 3RP
Tel: 01 248 8346 (0932 220151 Evenings/Weekends)

Group Controller

London

£26,000 + s/options + car

Our client is one of the world's leading International Design & Marketing consultancies with an outstanding reputation for both its creativity and the commercial impact of its work. Over the last decade the company has achieved a dramatic increase in the range and scale of its activities, and this is planned to continue.

The rapid expansion has created the need for this new position. Responsible to the Finance Director and also acting as company secretary he or she will be responsible for the overall direction of the Finance Team and management of the group's finance function.

Flexibility of approach is essential for the role with tasks ranging from day to day routine to strategic decision making. The ability to contribute on a broad front to the group's management is essential.

as is compatibility with a demanding but creative business environment.

Candidates should be qualified accountants, aged 30-36, with varied commercial experience preferably gained in a service industry. The role is a demanding one and is reflected in the remuneration package.

Please write enclosing a full curriculum vitae quoting ref 111 to:
Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE.

**Cartwright
Hopkins**

FINANCIAL SELECTION AND SEARCH

Deputy Group Accountant

c£25,000 + Car

A £2 billion turnover UK Group with major international operations is seeking a graduate Chartered Accountant to join a small H/Q staff dedicated to enhancing decision support systems.

In addition to this systems work, the position involves the preparation of the Group's budgets, monthly management reports and financial statements.

Applicants should be in their late 20's or early 30's and have industrial/commercial experience. The drive and experience to develop systems and manage a small staff is required in addition to the technical skills to handle large computerised consolidations. Location - Central London.

Please apply in confidence quoting ref. L 248, to:-

Brian H. Mason,
Mason & Nurse Associates,
1 Lancaster Place, Strand,
London WC2E 7EB.
Tel: 01-240 7805.

**Mason
& Nurse**
Selection & Search

ARTHUR ANDERSEN & CO

Management Accountant

Strand

to £20,000

We have been retained by Arthur Andersen & Co Management Consultants, a firm which is a leader in an expanding and innovative market. The firm has achieved a reputation for excellence in all its operational areas by placing strategic importance on the recruitment of only the highest calibre individuals throughout. This commitment is reflected in the firm's internal finance and administrative functions where a high regard is placed on initiative, business acumen and career development.

As a result of a continued development programme an accountant is required for their Management Consultancy Division. The broad role will include the preparation of management information budgets, forecasts, long term planning of

profitability and the control and monitoring of results of the division.

The successful applicant will be a recently qualified accountant in his/her mid to late 20's who has demonstrated a successful track record to date. This is a very high profile role with contact to partner level and therefore the person must have above average interpersonal skills and be able to think and react 'on their feet'. Career prospects within the firm are excellent.

Applicants should write, enclosing a full CV, to Hugh Everard at Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH or telephone him on 01-831 2000.



Michael Page Partnership

International Recruitment Consultants

London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Paris Sydney

A member of the Addison Page PLC group

DIVISIONAL FINANCE DIRECTOR

EAST MIDLANDS

£25,000 + CAR

The company is a market leader in specialist segments of the food and leisure industries. Its growth and success can be attributed to a continued awareness of market trends and consumer demands. It is now strategically poised to capitalise on a growing consumer market.

The position carries full responsibility for the finance function of the major operating division employing 2,000 people. The early emphasis will be on the development and use of management information and the implementation of tighter cost controls. You will make an important contribution to the direction of the business and lead a large team. You should be a qualified accountant aged in

your thirties. Your background will include running the finance function of a business unit and exposure to the discipline of a large organisation. Familiarity with the food, distribution or wholesale industries would be an advantage. You should possess the communication skills, commercial judgement and underlying toughness to play a key part in the development of this exciting business.

Please reply in confidence, giving concise career, salary and personal details, quoting reference no: L141, to Heather Male, Slade Consulting Group (UK) Ltd, Metro House, 56 St. James's Street, London SW1A 1LD. Tel: 01-629 8070.

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FINANCIAL TIMES SURVEY

Japan

Yasuhiro Nakasone has now emerged as a Japanese superstar. But his ability and inclination to move his country along the road to internationalisation are not limitless. Some big battles are about to be joined.

"To open, or not to open, that is the question"

ON JULY 6, Japan's conservative ruling party, the Liberal Democrats, was returned to office with the largest electoral majority it has ever known. The victory was a singular political triumph for the Prime Minister, Mr Yasuhiro Nakasone, one cornerstone of whose policies over three and a half years in office is that his country must become more in tune with the rest of the world, in effect more internationally minded.

The legitimate question is whether or not the election proved that the nation is beginning to see things his way. It is a conundrum with no easy answer. On the one hand a combination of complex circumstances, rooted in economic success and accentuated over the last nine months by the rapid appreciation of the Japanese currency, is causing the nation's commercial and financial power houses to re-examine the way they do business with the outside world.

The inexorable and accelerating trend is for Japan no longer to rely on its cost-efficient domestic base from which principally to supply foreign countries with goods and services. Commensurately, serious, though as yet far from successful, efforts are being made to render the Japanese market more receptive to products and ideas from overseas.

On the other hand, for all the prevalence of imported fads, lifestyles, fashions and music, in countless areas of domestic and foreign policy Japan continues to march to its own internal drummer.

No consensus has yet emerged for Japan to ditch or modify radically some of its patented strengths merely to serve the cause of internationalisation; the work ethic still lives to a degree exceptional by western standards; so do concepts such as loyalty, to the group, to the corporation and to the nation, acceptance of strong central government and its policies, suspicion of the foreigner and his strange ways, unless they can be clearly seen to be adaptable to, and in, Japan.

Foreign policy remains essentially self-serving and the inherent national interest in the great global issues limited.

In many ways, Mr Nakasone is the symbol of this dichotomy. He has made a real splash on the world scene. The Tokyo economic summit in May showed him at his internationalist best, especially in his deft chairmanship of the meetings. He seemed willing to sub-

gate Japan's narrowly-defined national self-interests to the cause of common action, not simply because the US required him so to do, though the US factor remains paramount in Japanese considerations, but out of the sense that traditional passivity was no longer enough. Japan, as he sees it, must be seen to participate fully, not merely to go along.

He would argue, too, that another of his initiatives over the last year has substantially contributed to the perception that Japan is not as insensitive as hitherto to foreign concerns that it pursues economic success regardless of the consequences elsewhere in the world.

This was the celebrated report on how to make the Japanese economy more internationally compatible produced by a special commission under Mr Harun Maekawa, the previous Governor of the Bank of Japan.

Its findings were criticised outside Japan for being long on generalities and short on specifics. But in the measured Japanese process of decision-making (another ingredient not instantly susceptible to change) it probably did serve to identify problems and to give legitimacy to at least some proposed remedies as yet to be presented. It is now probably incumbent on Mr Nakasone and, if he does



not stay in office for much longer, his successor, to introduce policies under the Maekawa blueprint.

But to see Mr Nakasone as just "the foreign Prime Minister" is to misread the man totally. There is a nationalist strain in him that runs very deep. He does not want to see Japanese pride sacrificed on the altar of internationalisation.

There are alien concepts which he would like to see Japan imbued with—individual initiative and greater freedom of thought in education and science for example—but there are conservative values, of loyalty, respect for the aged, regard for the institutions of the state, including the Emperor, as an institution of the state, which he feels need restoring and re-emphasising.

It was, in this context, revealing that it was Mr Nakasone who brought about on April 29 the official celebrations commemorating the 60th anniversary of Emperor Hirohito's rule. Cynics suggested he was looking for political advantage ahead of the summer elections, going for a triple play (including the summit and the visit to Japan of the Prince and Princess of Wales) to put the nation in the right mood, and make it forget the depredations of the high yen.

Indeed, the correct date for the imperial anniversary would have been December 25. But, for Mr Nakasone, it seems to have mattered more that the nation be seen to honour the Emperor, as an institution of the state, rather than pretend that he

does not exist, as many modern Japanese now affect to do.

In this approach, he does seem to be striking some responsive chords, not all positive. Overtly nationalist groups of the far right have sensed opportunities previously denied. One succeeded in embarrassing national foreign policy by producing a textbook for schools that glossed over some of the more shameful incidents of Japan's militaristic era and revived, with approval, the old Emperor doctrines of the turn of the century which the country's aggressive leaders came to use as justification.

The textbook's worst excesses were finally excised, but very late in the process and only after China and other Asian

nations had been much offended.

Elsewhere, the younger bureaucrats and businessmen who are now rising to policy-making positions do seem more sympathetic to the Prime Minister's notion of a positive, rather than passive and introspective, nationalism. The evidence is still mostly to be found in conversation and not in action, but, if it does lead to a greater Japanese assertiveness, interest in possibilities of policy emerge.

A constant fear, very prevalent, understandably, among Asian countries, is that Japan might acquire the independent military competence it currently lacks, though this chance does appear remote.

A more likely consequence could be a refusal on Japan's part to accept the slings and arrows of foreign complaints about its commercial practices at home and abroad. Some recent international negotiations, on semiconductors with the US for example, have pointed to a stiffening of Japanese attitudes.

In conventional foreign policy terms, Mr Nakasone's purpose has been to strengthen Japan's identification with the West. He would like to see Japanese participation in the Strategic Defense Initiative (SDI) and, with an election mandate under his belt, can probably bring this about.

Inside the ruling party and government, there are few dissenters to his overall view and those that harbour doubts, like Mr Kichiji Miyazawa, the LDP executive chairman, rarely voice them. The election also demonstrated minimal public sympathy with the arguments of the left-wing opposition parties that Japan be more neutralist.

But, beyond the East-West framework, Mr Nakasone has had little impact on Japanese thinking on foreign affairs, which is itself deficient in depth and understanding. There remains virtually no Japanese record for independent contributions, money apart, to the great issues of the world.

This can be explained away by the nation's history of isolation, as well as by the causes and legacy of its defeat in the Second World War, but 40 years of peace and progressive prosperity are making the excuse a little thin.

It is curious that a nation which is itself so well organised refuses to see that its organisational skills and talents might well be applied outside its borders. In this important sense, the internationalisation

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of Japan remains in its infancy. On the home front, it may be that the real battle over internationalisation has yet to be joined. There have been substantial skirmishes, most obviously in the financial sector, in which the forces of openness have tended to prevail over those whose preference is the status quo.

It is no exaggeration to say, as the volume of foreign financial institutions flocking to Tokyo proves, that Japan's financial markets in 1986 have developed a degree of international compatibility far beyond the most optimistic prognoses of the start of the decade. Yet they have not entirely sacrificed some of their national characteristics.

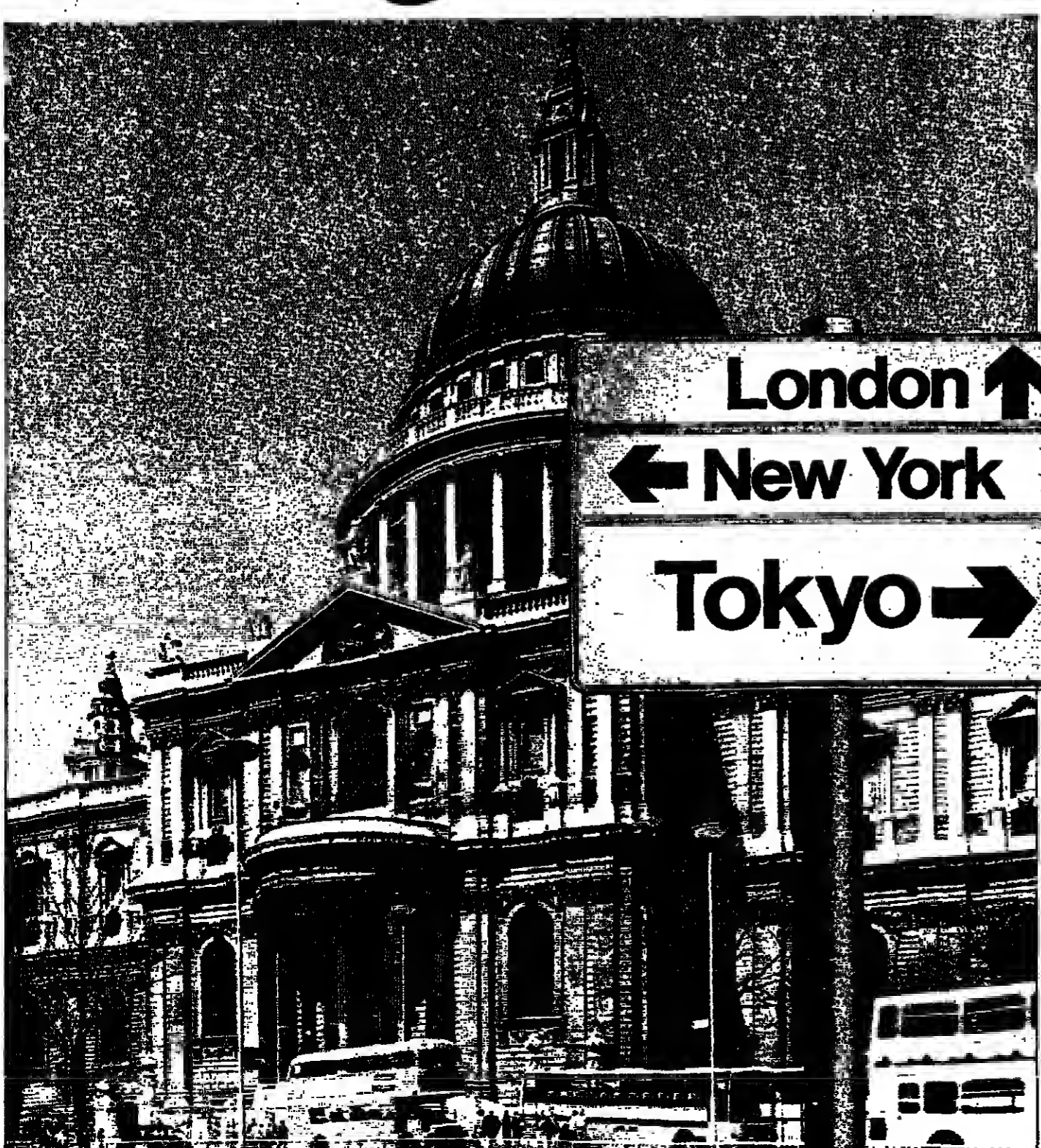
But if finance is on the cutting edge of change, the knife is a little blunter in the industrial and social woodwork. Japan's lack of propensity to import, for example, can be, and has been explained endlessly, yet the bottom line surely remains the trust that members of an homogeneous society place in each other.

The Government of Mr Nakasone can, and has, exhorted Japanese companies to import more and consumers to buy more foreign goods and services, but neither is necessarily inclined so to do if the result would be a clear damaging of domestic interests and indigenous social relations.

In any case, it should not be forgotten that there are few products that Japan does not itself make to a higher standard than those produced elsewhere in the world. The appreciation of

CONTINUED ON PAGE 3

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JAPAN 2

Power base shifts from the bureaucracy

JAPAN HAS just held a general election. Not for the first time, and probably not for the last, it was conducted in a domestic vacuum. No foreign issue can be said to have intruded, unless it was, indirectly, the rising of the yen.

Apart from the ritual invocation of foreign policy by the Prime Minister, Mr Yasuhiro Nakasone, and the equally pro forma denunciation of his foreign policies by the leaders of the opposition parties, nobody talked about the world outside Japan and Japan's place in it.

This may be a little unfair to Mr Shinzaro Abe, currently the country's Foreign Minister and perhaps its next Prime Minister. He did occasionally discourse on foreign policy to his constituents in deepest Yamaguchi prefecture, not so much in specifics but in pointing out that since he had been in charge of it for the last 3½ years he was at least reasonably qualified to take over from Mr Nakasone.

It is axiomatic that it does not behave Japanese politicians to pay too much attention to external affairs. While the Diet is in session, MPs may have a little more licence to reflect on the wider world, but at election time and when back at home,



Politics

such interests must be muted. MPs are expected primarily to look after the needs of their constituencies, and these remain quintessentially parochial.

This applies not merely to the would-be, or new representatives seeking to establish himself. Even the most secure and illustrious must pay respect to this abiding rule. In the course of this election, for example, Mr Kiichi Miyazawa, executive chairman of the ruling Liberal Democratic Party and another serious prime ministerial candidate, found himself under attack in his home district near Hiroshima, from members of his own party no less, for neglecting home base and focusing too

much on international issues. His response was to point to all the new business that he had helped bring to his constituency.

This is reflected in the priorities that MPs themselves have for their own political careers. One of the curiosities of the Japanese system is that the Cabinet is reshuffled at least once a year, a process designed not so much to reward talent or ambition but to keep the various factions inside the LDP happy.

This means that there is a surprisingly good chance that a typical rank-and-file MP will enjoy a stint in the Cabinet, or at least a year or so as a parliamentary vice minister, a prospect that a backbench member of the British House of Commons cannot reasonably entertain.

Those with real leadership ambitions will, of course, angle for the prestigious ministries (finance, international trade and industry and even foreign affairs) and the prized senior party jobs. But not many fall into this category. Most clearly prefer the domestic departments of government where patronage benefiting their constituents can be most easily deployed.

Indeed, even those with their sights on the highest offices find it useful, to have served in a pork barrel ministry (agriculture, construction and so forth). Mr Kakuei Tanaka's legendary power base was built not so much on his period as finance minister, though this helped, but on his less visible terms with the ministries of construction and posts and telecommunications.

The present Defence Minister, Mr Koichi Kato, is, for example, spoken of as a future Prime Minister. Partly US-educated and with his early career spent in the foreign ministry, he seems to be following in Mr Nakasone's footsteps, since the Prime Minister is the only holder of the highest office previously to have served at the defence agency.

But Mr Kato confesses that his rural commitments would have preferred him to take a domestic ministry because the Japanese defence establishment does not, as yet, dispense much outside business, at least not on a par with that of the US. He will probably find it politic so to do at some stage in the next few years.

There are countless examples of a politician delivering the goods to his constituency. What Mr Tanaka did for rural Niigata is well known. The island of Shikoku, with just 4m inhabitants, is in the process of being linked to the main island of Honshu by no fewer than three bridges; it is no coincidence that two of them start in prefectures represented by former prime ministers Ohira and Miki.

Nor is it chance that burdock root remains on the list of protected Japanese commodities, given that it is principally grown in the constituency represented by Mr Nakasone and another former prime minister, Mr Takeo Fukuda.

A politician's identification with his constituency also means a close relationship with local business interests, who will, in any case, provide the main source of his political funds. Obviously some of these stretch beyond individual districts and are part of national pressure groups. Mr Abe, for example, has long been associated with the confectionery industry lobby. An MP may indeed represent several vested interests.

It goes without saying that almost all are Japanese, though there are exceptions. The Taiwanese lobby flourished under the prime ministership of Mr Eisaku Sato, O.S.C. also has connections, mostly commercial, with South Korea. But most of the public relationships are now ceremonial. It is hard, for instance, to believe that Mr Susumu Kiyono, the influential LDP vice president, takes much interest in the Japan-Paraguay friendship association, which he chairs, or that he has delivered much to General Stroessner's regime.



Roses all the way for a victorious Prime Minister Nakasone as he places the flowers on the names of elected Liberal Democratic Party candidates at the party headquarters

JAPANESE ELECTION RESULTS LOWER HOUSE OF THE DIET

	1986	1985
Liberal Democrats	300	250
Socialists	85	112
Komeito	56	38
Democratic Socialists	26	38
Communists	26	26
New Liberal Club	6	8
Social Democratic Fed	4	3
Independents	9	25
	512	511



Mr Shinzaro Abe, Foreign Minister, with Mrs Thatcher during a visit to Downing Street early this year.

It is an argument which is gaining credence, because it is apparent that the civil service is held in less respect than it was.

A factor in this is that more bureaucrats are becoming politicians, with about a quarter of the LDP's Diet ranks crossing over. This has had the effect of increasing the politicians' competence over legislation.

It has also contributed to some greater awareness inside parliament over foreign affairs, though the collective consciousness still remains low. For all its uniqueness, the Japanese political system does have points of comparison with other countries, in Europe as well as the US, but this is not appreciated inside Japan or outside.

Moreover, political debate over external issues remains as constricted as ever by the shibboleths of the past, be the subject defence spending, the non-nuclear principles or foreign aid. Even a strong leader like Mr Nakasone has found it

hard to budge the politic in directions he wants to follow.

Perhaps more disturbing is the absence of discussion of serious alternatives to the Prime Minister's vision of Japan's role, beyond the standard denunciations of it from the left.

The Democratic Socialist Party in the middle is the only party with what might be called an original view of its own of some issues (e.g. defence), but even it is not much more than a variant of that of the LDP.

The end product, therefore, is a political system which is geared to a degree exceptional by international standards to looking after domestic concerns. This it does supremely well, if not always imaginatively. But to expect it to respond to, let alone anticipate, external considerations is, at this stage, probably asking too much.

Jurek Martin



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JAPAN 3

Foreign Policy

Still much more talk than positive action

BY SOME counts, Japanese foreign policy seems to be operating quite smoothly. At a political level, relations with the United States remain good, dialogue with the Soviet Union has been reopened after a long hiatus and the frictions with China, so evident last year, have at least been contained.

On other levels, there is something deeply deficient in Japan's conduct of its external affairs, summed up in a chronic inability to define issues or to take even modest leadership initiatives, be the arena the Middle East, Southern Africa or the international institutions, especially the United Nations, by which Japan sets so much store.

The best explanation to the dishevelled line in the fact that Japanese foreign policy is pegged to a number of variables. Where there is predictability—the imperative of the US alliance, for example—and the concomitant need to be at arm's length from the Soviet Union—Japan can manage its affairs tolerably.

Where there are variables—in understanding a complex Third World or in dividing the shifting politics that often characterise the international institutions—Japan is found at a loss. There is another rock to fall back on, the commercial imperative, but it does not always fit neatly into the picture these days.

Over the last year, with the possible exception of the mild Soviet rapprochement and the obligation of playing host to the summit, Japan's external energies have been most clearly applied on the multinational institutional front.

The departure first of the US and then of the UK from the United Nations Educational, Social and Cultural Organisation has left Japan bearing the brunt of the western effort to keep Unesco on some sort of track.

Similarly, at the last UN general assembly meeting in the autumn, it was Japan which tried to put together some consensus on how to make that institution more efficient.

The initiatives may have been laudable in principle, but it is the widespread view that both have been ineffectively pursued. The reform blueprint, admittedly somewhat hazy in concept, that Japan presented to Unesco in Sofia last November has simply not been followed through.

Above all, Japan has failed to find a plausible, acceptable alternative to Mr Amadou M'bow, Unesco's controversial director-general, either from its own doorstep (an Asian candidate is on paper next in line) or from its own ranks.

If Mr M'bow continues in office, or if his successor is clearly chosen by him, then the cause of Unesco in western eyes will have been dealt a grievous blow. Japanese officials do not seem to know how to prevent this.

Similarly the cause of UN reform has become bogged down. The Japanese idea of a wide men's group of persons of genuine international stature, commanded general support. But there was no real thought behind the idea—of what the



A wave from President Reagan as he arrived to see Prime Minister Nakasone at the Tokyo economic summit in May. Participants thought that Mr Nakasone performed deftly as chairman but had failed to project national interests. Below: Mr Amadou M'bow, Unesco's controversial director. Japan failed to come up with an acceptable alternative to him.



group should focus on or, critically, who should serve on it. Having contributed the proposal, Japan was content to leave the execution to others. It did not, for example, volunteer a Japanese of genuine distinction as a member. The extreme runs the risk of being sunk without trace.

It is a sad fact that though Japan expresses a belief in the international institutions it consistently refuses to match its financial input, now considerable, with quality personnel, a curious omission given the fact that it has a high grade of national bureaucracy as any in the world.

Japan indeed has yet to produce an international civil servant of indispensible reputation, preferring, as it does, to keep its best talent at home. Until the defect is remedied, it is hard to see a quantum leap in Japanese comprehension of international systems emerging.

This assertion of domestic values was also shown in sharp relief at the Tokyo economic

summit last May. It was the near universal perception of the Japanese 'opinion-makers' that Prime Minister Nakasone had fared badly, principally for failing to put a lid on the soaring yen and for putting Japanese Middle Eastern interests at risk by endorsing, and not suitably watering down, the anti-terrorist declaration.

It did not matter that the actual summit participants thought that Mr Nakasone had performed deftly as chairman. What counted was the sense that the Prime Minister has failed in the minimum goal of protecting national interests, as most narrowly defined.

Yet, by external yardsticks, too, both Mr Nakasone and his foreign policy team have often seemed too deferential to be credible. There was anger in the US that Japan so resolutely set on the fence in the wake of the raid on Libya (though US discontent with Europe was undoubtedly greater).

There has been disappointment, if not surprise, in some

European governments (not the UK) and in the Third World that Japan has taken so little interest in South Africa and has made it clear that it would only impose limited sanctions against Pretoria if others did so first.

There is frustration generally that Japan is so slow to consider increasing foreign aid, an important arm of foreign policy, as a way of discharging its international obligations.

Even this year's renewed delicate dance with the Soviet Union has been a circumspect minuet, constrained by both domestic and external factors. There was no breakthrough on the disputed status of the Soviet-occupied Northern Territories, nor is there likely to be, which leaves the two nations effectively talking about only peripheral matters (such as cultural exchange agreements).

It is undoubtedly true that the Soviet Union has mishandled its relations with Japan over the years and has certainly misused on harnessing Japan's intrinsic and eternal interest in Soviet raw materials. But the Japanese interest in breaking the Gordian knot is, with or without the US factor, now minimal.

Domestic Japanese political games-playing continues to make the Chinese connection less trouble-free than it might be. The latest incident—the adoption, albeit subsequently modified by the Education Ministry of a history school textbook compiled by an overtly nationalist organisation—can hardly be seen as other than a gratuitous insult to Chinese sensibilities.

It is a testament to the extraordinary intricacies of the Japanese system that only belatedly did the Government in Tokyo realise that it was offending Peking and was thus freed into damage-control operations, which ought to have been unnecessary.

The risk is that unless and until Japan establishes itself as a nation capable of conducting foreign policy on bases not exclusively dictated either by Washington or its own peculiar sense of domestic priorities it will find itself constantly hoist on the petard of its economic success.

Even with the US, the absence of policy contributions beyond the immediate requirements of the alliance are beginning to cause problems. Having failed to establish positions that are identifiable, Japan is considered to have forfeited the right to have any. At least Western Europe has yet to fall into this state.

If this is a harsh assessment, it is necessarily made in the light of all the talk in Japan about the importance of playing a wider role in the international community. For all Mr Nakasone's often brave performances on the world stage, there remains far too little action, too little commitment of people and ideas, as well as money, beneath the rhetoric.

Much may be explicable by Japan's history, but this is an excuse which is wearing progressively thin.

Jurek Martin

'To open or not to open'

CONTINUED FROM PAGE 1

the yen may have reduced, or eliminated, Japan's relative cost advantage, but cost is by no means the only criterion that is applied in Japan.

It has, for example, been instructive that very few benefits of the higher yen have been passed on directly to the domestic consumer—yet the consumer has hardly complained at all.

Thus question of priorities extends to government policy-making. Japan has come under increasing pressure over the last year to stimulate internal demand and thus contribute more to world growth.

It has responded with a number of extremely finely tuned packages, the net impact of which so far has been negligible. What it has not done is to heed the macro-economic policy advice heaped on it. Indeed the election was noteworthy for the extent to which the Government was willing to abandon tax reform.

Japan resembles West Germany in this respect. There are domestic considerations which will not be abandoned overnight. In Japan's case, they include a quasi-theological commitment to fiscal austerity and a chronic aversion to policy U-turns, combined with a preference for incremental policy change.

External pressure would have to be screwed up a number of notches for the creed to be modified—and it might well run into the sort of resistance that the recently mentioned more assertive mood in the country might compound.

This would not merely be obduracy, because there is invariably merit in the

Japanese approach. For example, Japan has a low unemployment rate because it tolerates over-employment in the service sector, most notably its complex retail distribution network.

It is hard to maintain that Japan would be better off with a simplified distribution system if the price was unemployment on a western scale, as it could well be.

It is worth noting that virtually none of the above arguments, considerations and factors entered into the election campaign that returned so resoundingly Mr Nakasone and the LDP. It was a singularly issue-less and insular process, determined by organisation and underpinned by the real lack of alternatives to the existing regime.

It gave Mr Nakasone, for as long as he lasts, his party and the government bureaucracy licence to continue on its present path. But this course cannot be seen as simply internationalist.

It does have internationalist elements and it still has strong

Prime Minister Nakasone inaugurated on April 29 the official celebrations commemorating the 69th anniversary of the rule of Emperor Hirohito (right) who is 85. The Emperor, a well-known marine biologist, is seen inspecting a marine specimen at his biological laboratory at the Imperial Palace

domestic ones, and it would be wrong to predict that the former will necessarily prevail in all aspects. This survey is designed



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JAPAN 4

Avalanche of aid requests

Why Japan's less rich neighbours in South East Asia feel that Japan is more concerned with catering to the powerful than with being kind to the poor

WHEN JAPAN agreed to lower tariffs on imported softwood plywoods, which come principally from North America, to 12.5 per cent in 1986, it reduced the tariff on hardwood plywoods, which come principally from South-East Asia, only to 17.5 or 13.5 per cent depending on thickness.

When Japan finally agreed to lower the tariff on boneless chicken, a Thai export, to 14 per cent, it lowered to 10 per cent the tariff on chicken with the bone in, which comes mainly from the US.

The better tariff treatment accorded Japan's developed trading partners reinforced a strong feeling among Japan's less rich trade partners—that Japan is more concerned about catering to the powerful than being kind to the poor.

The sense of gloom in Asia about trade relations with Japan has deepened in recent years. Even though the balance of trade runs in favour of the six member nations of the Association of South-East Asian Nations (Asean), bilateral trade volume between Japan and Asean has declined from a peak of \$30.16 bn in 1981 to \$31.46 bn last year.

Prospects for any short-term improvement in trade volume or composition seem bleak. In past years, Asean regularly gobbled up some 10 per cent of Japan's overseas direct investment. That proportion has steadily dropped to reach a low of 7.7 per cent last year, while Japanese companies built more factories and assembly plants in Europe and North America.

Japan still purchases an enormous amount of Asean's abundant natural resources, but prices are dropping and Asean complains more and more bitterly that Japan will not aid its development efforts by purchasing manufactured goods. At the Asean foreign ministers' conference in Manila last month, the Asean ministers singled out Japan for sharp criticism and expressed "grave concern" over trading trends.

"We hope that Japan doesn't regard Asean purely as a supplier of raw materials and a dumping ground for her excess



(\$bn)	1980	1981	1982	1983	1984	1985
Exports to Asean	13,118	39,162	37,085	34,830	36,158	31,452
Imports from Asean	24,460	23,875	22,074	19,723	22,823	20,285

manufactured goods," said Mr Tunku Ahmad Rithandeen, the Malaysian foreign minister.

While trade with Asean has declined, Sino-Japanese trade has stepped up sharply, suddenly making China Japan's second largest trade partner after the US. Yet the Chinese are far from happy, since most of the increase came in imports of automobiles and electronic goods from Japan.

China was left with a record \$60n bilateral trade deficit last year. The Chinese also complain that direct investment in China by Japanese companies has fallen far short of expectations.

As if to symbolise the unhappiness of Japan's less-developed trade partners, Japan's official development aid (ODA) last year, at \$3.8bn, dropped for the first time in many years, causing Japan to fall short of a five-year plan to increase aid. The decline came to 12.1 per cent, falling as a ratio to the gross national product from 0.34 per cent to 0.29 per cent.

The decline came in part for technical reasons. Multilateral aid fell by 34.4 per cent to \$1.24bn because of the timing of special contributions to the International Development Association of capital replenishment programmes for the World Bank.

Bilateral aid increased by 5.3 per cent to \$2.55bn, with bilateral grants increasing to 11.4 per

cent. A foreign ministry official says that Japan's ODA this year was likely to increase by between 40 and 60 per cent, although this, too, is largely for technical reasons. The increase will stem mainly from the appreciation of the Japanese yen.

Japan's foreign aid programmes began in 1958 as an extension of post-war reparations and remains heavily concentrated in Asia. In 1984, 86 per cent of foreign aid went to Asia, with 34.4 per cent to the Asean members.

It is for this reason, Japanese officials say, that Japan's aid programmes are dominated by low-interest loans, rather than grants, as is more common with other donor countries. Officials say that the nations of Asia are relatively developed compared with, say African nations, and that loans are a more appropriate form of assistance for industrial or infrastructural development projects, as opposed to programmes to insure subsistence in impoverished agricultural societies.

This reasoning, none the less, has failed to shield Japan from charges that it is stingy because while the ratios for foreign aid put Japan close to, if still behind, the averages of developed nations, Japan's quality of aid is far below most nations.

Japan is not giving much away at all, and Japan's capacity for foreign aid far exceeds its current annual allotments.

Japan's low-quality, 0.29 per cent of gross national product aid compares with much higher quality aid equivalent to 0.8 per cent in Scandinavia and the Netherlands, and 0.5 per cent in West Germany and France.

Indeed, Japan's low interest development loans, usually tied to the purchase of Japanese goods, have been roundly criticised as a form of export subsidy. Charges of kick backs to Philippine officials from Japanese companies aiming to capture purchase contracts has sullied the entire programme.

When Mr Shintaro Abe, the Japanese Foreign Minister, met with the Asean foreign ministers in June, he missed a chance to translate his expressed wish to extend "sincere and truly effective" co-operation with Asean. Although Mr Abe did say Japan would now consider broadening its ODA loans to the region to include local currency costs of development projects, he offered no specifics.

Japan is now being hit by an avalanche of aid requests from Asean. As the region's economy retrenches under the impact of falling raw material prices, Japan is also considering loans to help the Philippines close its huge fiscal deficit, and this would open a new type of aid programme.

The rise of the yen has brightened prospects that the volume of direct investment in the region will pick up. Investment-related inquiries at the Asean Promotion Centre in Tokyo are up sharply, although it is too early to know what the results will be. Part of the problem here lies in restrictive investment laws by Asean members, although both Malaysia and Indonesia have recently moved to improve conditions.

The outlook for trade and investment in China seems rather more dim. The Chinese have found a short-term solution by forcing a sharp cutback in Japanese imports. That has led to a 17.8 per cent drop in Japan's exports to China in the first quarter, and an overall 12.5 per cent drop in bilateral trade.

The Chinese habit of unilaterally cancelling contracts is unlikely to encourage Japanese companies about the attractiveness of investing in China. If you add to that the general gloom over access to foreign currency, and the difficulty in dealing with Chinese bureaucracy faced by all foreign investors, the chances that investment will increase soon is remote.

Steven Butler



A toast to improving relations: Japan's Prime Minister Nakasone (left) raises his glass to South Korean President Chun Doo Hwan during a visit to Seoul.

The wounds start to heal

Mr Nakasone's historic visit to South Korea improved political relations between the two countries, in stark contrast to the periodic storms that burst out previously

THE FIRST intellectual barrier to cross when looking at relations between Japan and Korea is that the people of these two nations are very different. The Koreans are emotional, hot-tempered, aggressive and individualistic next to their more reserved neighbours.

Yet the second barrier is that these two people share a remarkable amount of culture, language, and history.

The mixture of similarities and differences, combined with bitter resentment over Japan's colonisation of Korea earlier this century, can easily set off fireworks. Yet they also provide opportunities that can be exploited with finesse. When Prime Minister Nakasone made his visit to Seoul in 1983, he drank and sang folk songs with South Korean President Chun Doo-Hwan, touching a sympathetic chord that few states-

men in the world could match. After Mr Nakasone's historic visit, political relations between these two neighbours have steadily improved. Diplomats on both sides say that relations have now become cordial and relaxed, indeed they are normal and neighbourly. This is in stark contrast to the periodic storms that burst out in previous years.

Some 20 years passed after the Second World War before the tempers cooled enough to allow diplomatic relations to be established and a peace treaty signed, even then at the cost of massive demonstrations in Seoul. Mindful of the delicacy of sentiment in Korea, most Japanese governments practised a kind of benign neglect.

It took the outgoing Mr Nakasone to create a feeling among Koreans that their concerns were being taken seriously, and that they were finally being treated as equal. The Japanese Emperor's expressions of "regret" for the past in the fall of 1984 brought the relations into a new historic period.

The improved relations show in a hundred different ways. In early June, when China raised a loud public cry about "distortions" of history in Japanese textbooks, the Koreans said

publicly that they were merely concerned and watching the situation. China and Korea are deeply angry about what they see as attempts to gloss over Japanese aggression and atrocities earlier in the century, but Korean diplomats reserved their strong expressions of protest to private channels.

They may still go public if their objections go unsatisfied, but for now they feel they are being heard and they have no desire to stir up public controversy.

Public opinion polls in Japan show that the Japanese opinion of Koreans as a people has started to rise, a result both of improved diplomatic relations, and Korea's stunning economic success, something the Japanese plainly admire.

There are still major outstanding issues. Korea's bilateral trade deficit with Japan this year is expected to reach \$4.5bn, compared with \$3bn last year. A Korean diplomat says this is "unacceptable."

The sharp increase of the deficit comes in part from the rise of the Japanese yen and the short term "J curve" effects. But it also derives from a sharp rise in Korea's exports this year. Korea's trade deficit with

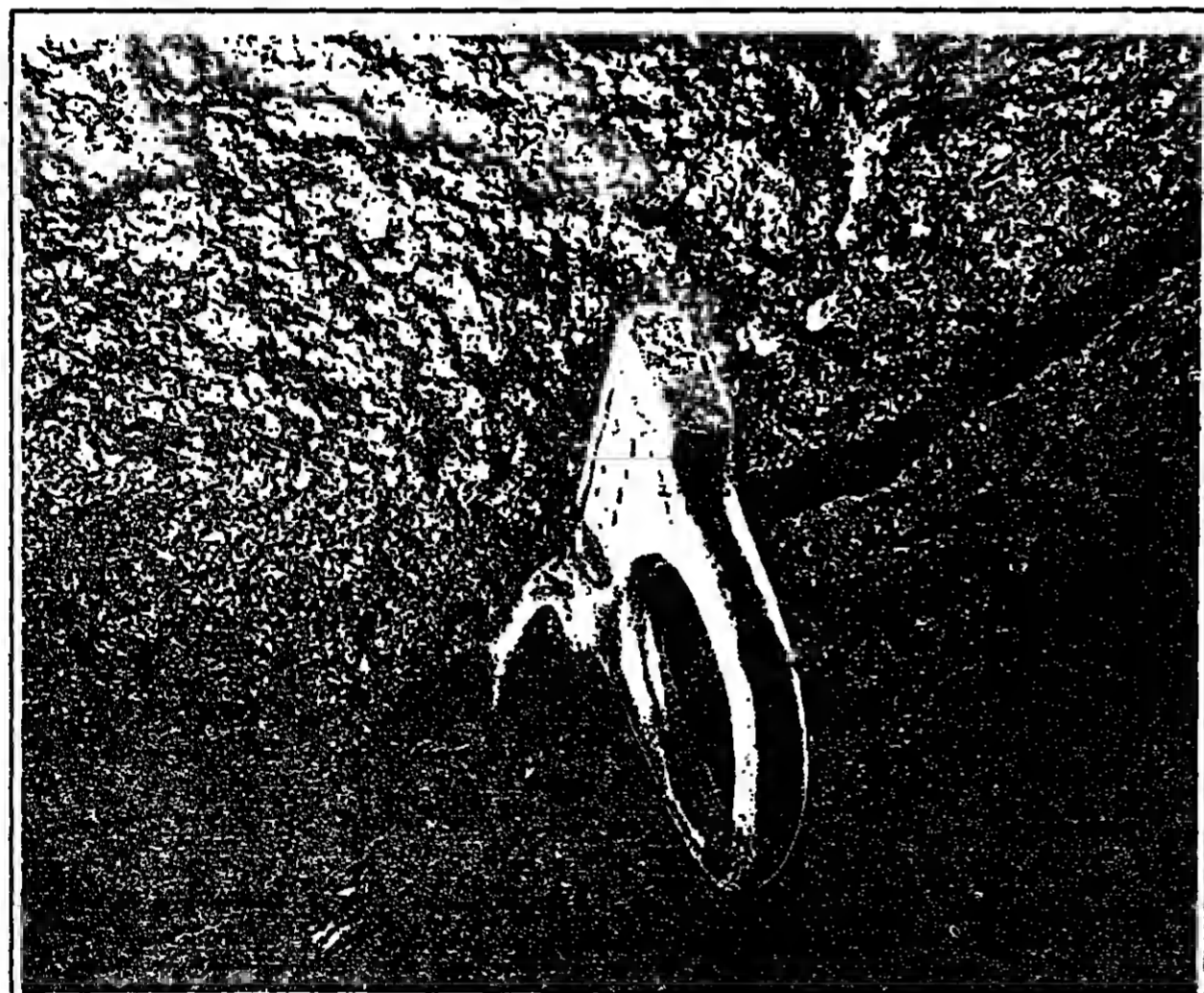
Japan is in large part a reverse image of its surplus with the US, which exceeded \$40 last year. Many Korean exports to the US especially electronics, use Japanese parts and components.

But reverse trade flows are also expected. More Japanese electronics companies are coming to Korea to look for parts suppliers. Sanyo Electric in March became the first Japanese company to use Korean picture tubes for its 14-inch colour televisions.

The presence in Japan of some 700,000 Korean nationals who have chosen not to become naturalised Japanese citizens provides a perennial irritant. Korea argues that they should not be subject to fingerprinting, as are other resident aliens, or barred from government jobs or public school teaching, because many of the Koreans or their parents were forcibly moved to Japan during the war.

Still, even these problems, which have resisted all attempts at resolution, appear to have shrunk under the general improvement in bilateral relations. Unlike the past, says a Korean diplomat, relations with Japan are now marked by a "spirit of co-operation."

Steven Butler



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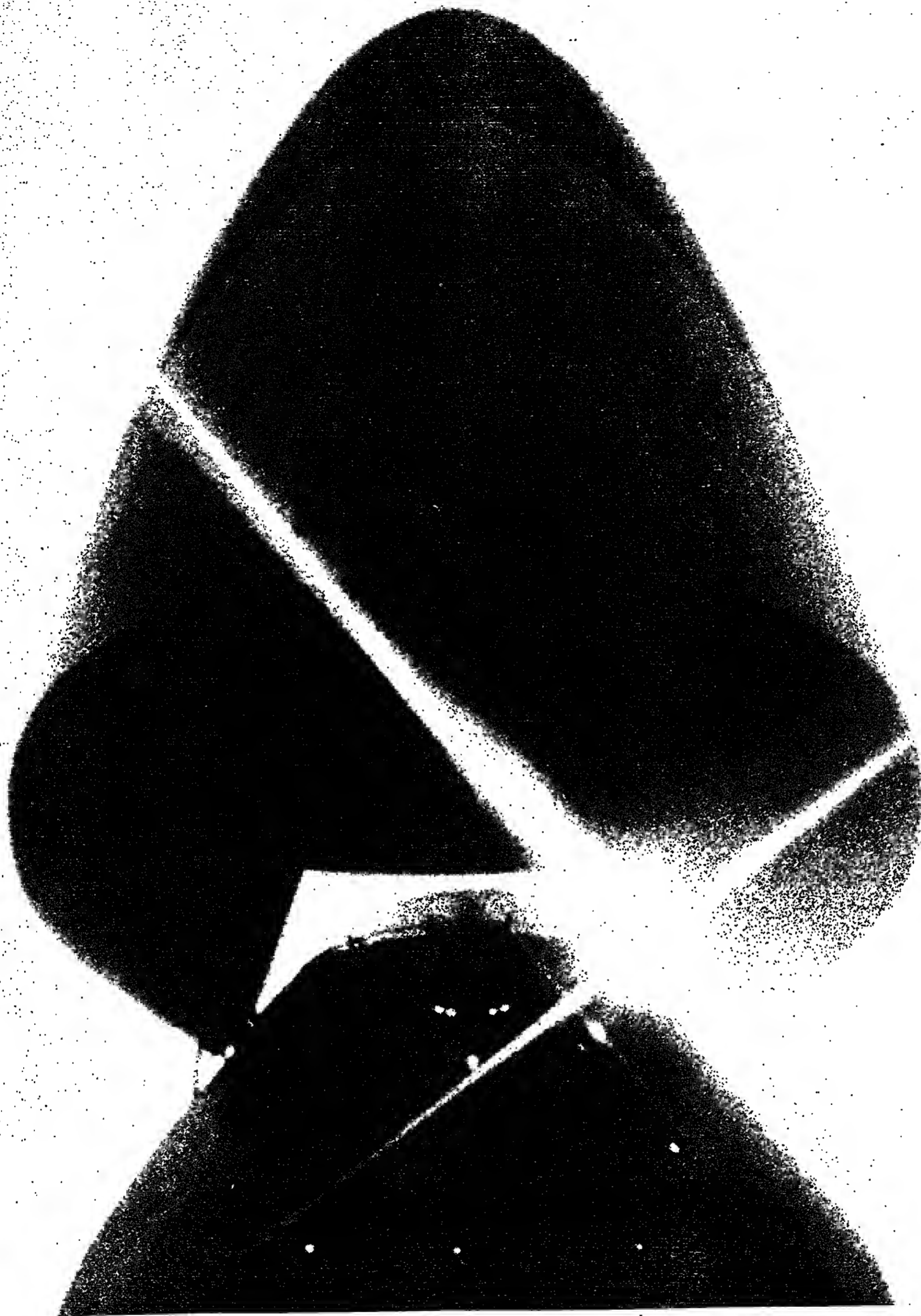
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JAPAN 6

The yen shock may be the catalyst for change

SOME CALL it simply *endaka* (the high yen), others *yen shock* (the yen shock) but both catchphrases encapsulate the same idea: the Japanese economy is at a fundamental and very abrupt turning point.

The catalyst is the 36-40 per cent appreciation in the value of the yen against the dollar since last September, which has made Japan's export industries suddenly less competitive internationally and made cheaper imports a threat to some low-tech domestic manufacturers.

As a result, the country's industrial landscape is in the early stages of a dramatic change, with the death knell sounding for some labour-intensive sectors and many export-oriented companies planning direct investment abroad. The day of the Japanese multinational has arrived.

This restructuring of Japan's industrial profile (into a shape many would argue is overdue for such an advanced economy) may be the most visible effect of the rising yen, but the appreciation of the currency will have much wider long-term economic and social repercussions.

For its rise intertwines—partly cause, partly effect—with a growing acceptance in Japan that the export-led growth pattern of the past few years must now be replaced by expansion through the stimulation of domestic demand. And that could involve some fundamental and contentious changes to the framework's governing finance, taxation and general economic activity.

Much of the pressure for change has come from Japan's Western trading partners, concerned about Japan's large current account surplus (a record 3.8 per cent of Gross National Product (GNP) last year). But within the country too there has been a growing perception among policy-makers that Japan's position as a major economic power—it now accounts for some 10 per cent of world GNP—means that the country must show a greater international vision than in the past, seeking simultaneously to reduce the external imbalance and encourage domestic growth.

These sentiments have found expression in a series of recent reports to the Government from official commissions on the structure of the economy; the

most eminent being that headed by Mr Haruo Maekawa, the former Governor of the Bank of Japan.

"The time has come," it declared, "for Japan to make an historic transformation in its traditional policies on economic management and the nation's lifestyle. There can be no further development for Japan without this transformation."

But Mr Maekawa did not accompany these ringing phrases with any practical suggestions for change, other than the broadest generalisations.

As a result, more cynical observers have been tempted to conclude that Japan is simply

the short term, how can it square a boost to demand with its policy of fiscal austerity? And in the medium-term, to what extent is it prepared to make structural adjustments which are widely acknowledged to be necessary, but which will be opposed by strong vested interests?

Amid all this agonising it needs to be remembered that the Japanese economy still looks remarkably robust relative to other countries—despite the dislocating effects of the rise in the yen. Inflation is negligible, GNP growth is above average and the public sector deficit is below average.

On top of this the current

Government recently reported a 0.5 per cent GNP contraction in the first quarter of this year compared to the last three months of 1985—the first quarterly fall for 11 years. GNP growth totalled around 4.2 per cent in fiscal 1985, against 3 per cent the year before.

The Ministry of Finance is still sticking to its projection of 4 per cent growth this year, but most other forecasts are substantially lower, with the majority bunched in the 3 to 3.5 per cent range.

The disagreement stems in part from the difficulty of judging the combined impact of the three major new forces that have been affecting the economy in recent months. One is the rise in the yen. Another is the slump in world oil prices, which is having a major beneficial effect, since raw materials and fuel account for some 70 per cent of Japan's imports. The third is the general downward trend of international interest rates.

The Bank of Japan, for its part, has lowered its discount rate from 5 per cent to 3.5 per cent since January, and there is a widespread expectation that it will make a further reduction over the next few months to a post-war low of 3 per cent.

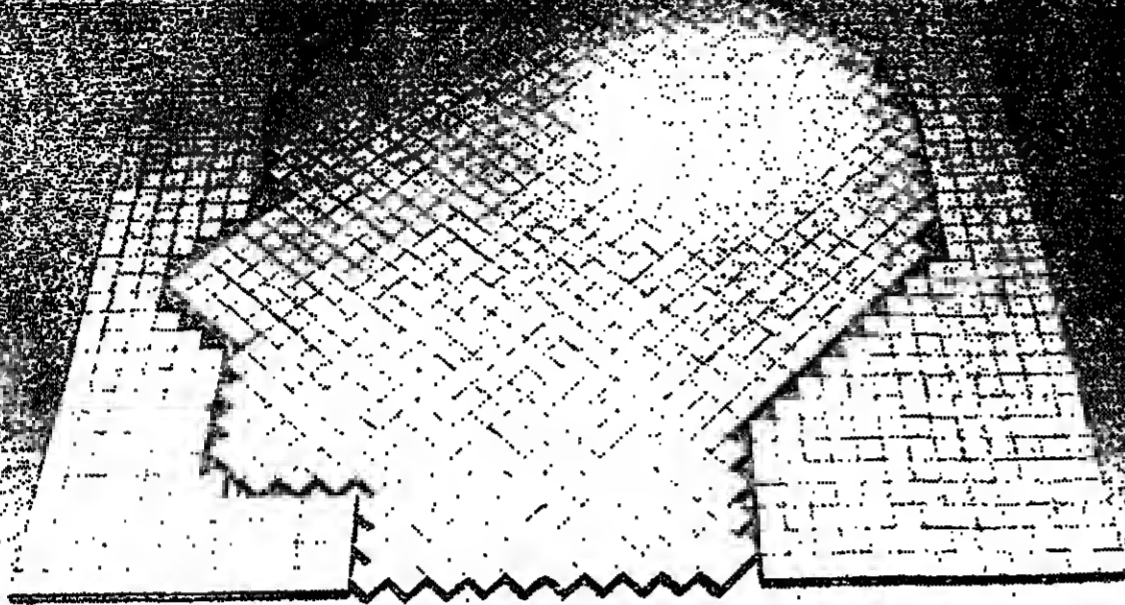
In April, the Government announced a modest package of measures designed to offset the deflationary consequences of the yen appreciation, including "front-loading" the spending of 78 per cent of the public works budget in the first half of the year, utility-related aids to small businesses and looser controls on construction in residential areas.

During the election campaign, politicians in the ruling Liberal Democratic Party have called for a ¥3 trillion (million million) (£12bn) boost to public spending through an autumn supplementary budget, but there is widespread scepticism that any package will be remotely near this sum.

For despite international exhortations for reflation, the administration remains fiscally very conservative. Western critics point out that Japan's general government deficit as a percentage of GNP is low by international standards, projected to be around 1.1 per cent

CONTINUED ON NEXT PAGE

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FORECAST FOR ECONOMY IN FISCAL 1986

By Nikko Research Centre

Fiscal Year:	1984	1985	1986
Growth Rate (% Change)	6.7	5.9	3.8
Nominal GNP:	5.0	4.2	2.5
Real GNP:			
(1) Domestic Demand	3.8	3.6	3.8
(a) Demand from Private Sector	4.6	4.7	3.3
—Consumption Expenditure	2.6	2.7	2.9
—Housing Investment	0.4	3.7	5.6
—Equipment Investment	10.9	12.6	4.4
—Inventory Investment	86.0	(-10.9)	(-6.7)
(b) Demand from Public Sector	0.6	(-11.4)	6.1
—Gov't Expenditures	2.3	2.6	2.7
—Gov't Investment	(-13.0)	(-6.9)	11.7
(2) Current Account Surplus	49.2	18.9	(-122.7)
—Exports, etc.	15.8	2.2	(-14.4)
—Imports, etc.	10.0	(-11.7)	2.2
Mining & Mfg. Production	9.9	3.5	0.3
Wholesale Prices	0.2	(-10.9)	(-18.5)
Consumer Prices	2.2	1.9	0.3
Contribution Rate to Real GNP Growth Rate			
Domestic Demand	3.7	3.5	3.7
Demand from Private Sector	3.6	3.7	2.7
Demand from Public Sector	0.1	(-0.2)	1.0
Current Account Surplus	1.3	0.7	(-11.1)

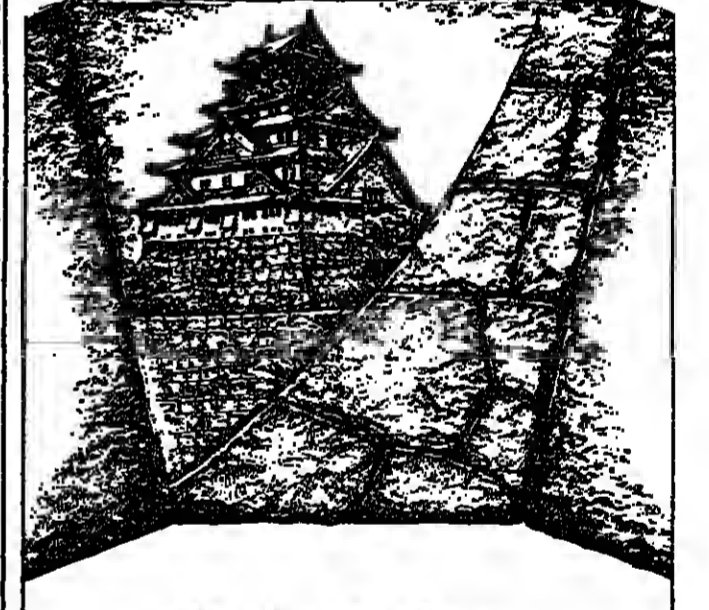
BALANCE OF PAYMENTS OUTLOOK

Fiscal Year:	1984	1985	1986
Current Balance	37.0	55.1	88.9
Trade Balance	45.6	61.6	95.4
Exports	167.9	180.9	205.0
Percentage change	(11.4)	(7.8)	(12.2)
Imports	122.3	119.3	107.6
Percentage change	(5.2)	(-2.4)	(-9.8)
Long-term Capital Balance	(-154.2)	(-173.1)	(-187.0)
Basic Balance	(-117.2)	(-118.1)	1.9

*Estimates. Note: (-) denotes deficit.



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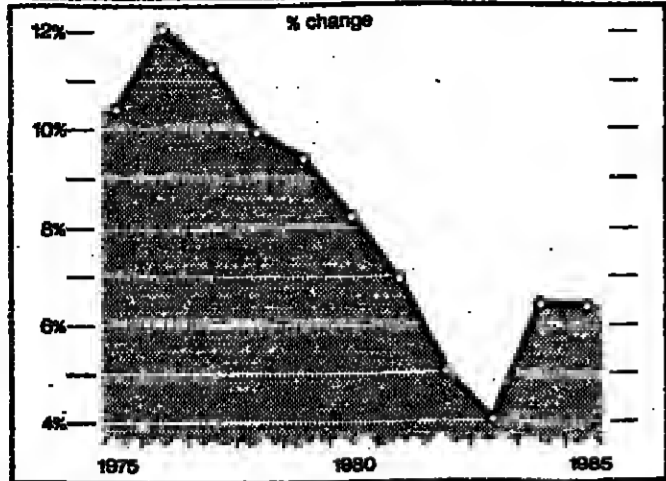
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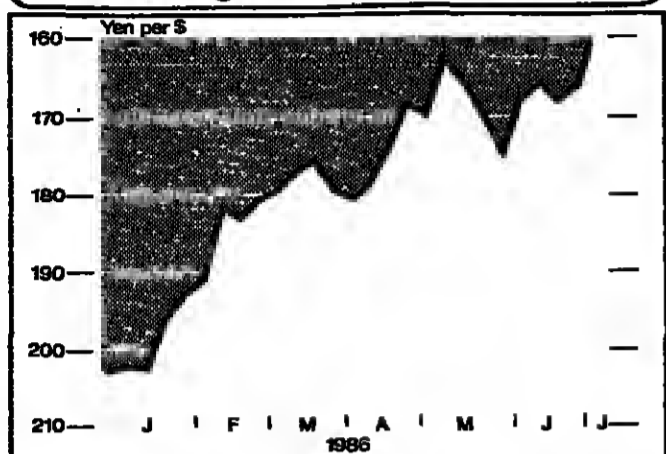
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JAPAN 7

Gross National Product



Yen against the US Dollar



Mr Haruo Maekawa, the former Governor of the Bank of Japan, headed a commission which called for Japan to make a historic transformation in its traditional policies on economic management in which the export-led growth pattern (left) would be replaced by stimulation of domestic demand (right)

After the shock of the yen

CONTINUED FROM PREVIOUS PAGE

This year. However, the Ministry of Finance argues that this gives a misleadingly rosy view: a much larger central government deficit is at present offset by a surplus in the social security fund—a surplus which is likely to disappear given the rapid ageing of the Japanese population. (Those over 65 are expected to rise from 9 per cent of the population in 1980 to more than 15 per cent by 2000. Moreover, adds the ministry, the overall ratio of central government debt to GNP remains high by international standards, at 50 per cent.

So the emphasis within the Government (as well as the Maekawa commission and the

Keldaren employers' organisation) is not so much on additional state spending but on longer-term reforms to the economic and financial framework with the aim of encouraging increased private sector capital spending and private consumption.

One central issue is reform of the tax system, which is generally accepted to be anachronistic. It includes extremely progressive rates of income tax (which have helped produce Japan's remarkably even spread of national income), very high corporation taxes and low indirect taxes. The result is that tax nets a much lower proportion of national income than in other Western countries.

At the same time, there are substantial tax exemptions for small savers, particularly those using the national savings network of 23,000 post offices, whose total assets are as great as the country's 65 regional banks. So popular is the post office that it has more account holders than the entire

Japanese population. And this imbalance in the system has helped reinforce Japan's remarkable propensity to save rather than consume: last year the ratio of personal savings to income was nearly 17.5 per cent, far above the OECD average.

It is widely accepted that Japan needs a less progressive income tax regime and the abolition of incentives to small savers, together with a move towards indirect taxation to increase the take and broaden the net. But will the Government grasp the nettle?

An attempt to introduce Value Added Tax in the late 1970s failed after stirring up strong political antipathy and an attack on the savings system would produce a similar reaction. The Government had indicated that tax reform would be on the agenda for 1987, but its resolve was thrown into doubt on the opening day of the election campaign when Mr Nakasone promised not to introduce large scale indirect taxes and not to dismantle the small-savings breaks.

But whatever the Government's role, the market forces unleashed by the risen yen are already having a powerful impact on the economy, forcing it to greater efficiency. While industry is screaming now, with some economists speaking emotively about a "falling out" of Japanese industry, many believe that a consistently strong yen will ultimately prove beneficial.

In the short term, the currency appreciation has meant sharply reduced profits. In the year to March a cross section of manufacturing companies surveyed by the Wako Research Institute recorded an average 25 per cent pre-tax profits drop, with higher figures in the electronics sector. For example, Japan Victor Company, the consumer electronics business, reported a 54 per cent drop. For large companies this downturn is bearable, since they posted record profits in the previous two years. But smaller exporters have been hit hard. So too have industries that

suddenly face strong competition from imports, mainly in the areas of general goods and intermediate technology, such as steel products, building materials, textiles, clocks and toys. Imports of manufactured goods are up sharply (12.5 per cent year-on-year to the end of March), especially from Korea, Taiwan, Hong Kong and Singapore—lower wage countries with currencies closely tied to the dollar.

To take just one example, Korean hot-rolled steel coil is selling in Japan now for ¥62,000 a ton, against a Japanese price of ¥72,000.

All this has two major implications. First, Japanese industry will switch increasingly out of labour intensive, smokesack industries into higher value added ones employing fewer staff.

Second, there will be a big move to direct investment abroad. A recent report by the Ministry of Trade and Industry (MITI) estimated that the current ratio of overseas produc-

tion by manufacturing industries was just 2 per cent, but about one fifth of companies expected to be producing more than 20 per cent of their goods overseas in 10 years time.

Some electronics manufacturers are already sourcing all their manufacture of cheap goods to Hong Kong and Singapore. Many other companies are squeezing the myriad number of small Japanese companies which have traditionally supplied their components and now face sharply lower profits or extinction.

Both these trends have implications for Japanese employment. Investment abroad will mean the export of jobs. Capital intensive production of home will mean fewer industrial posts. Japan's well-known lifetime employment system (which in fact covers only about 30 per cent of the workforce on the payroll of large companies) is now under threat.

The generally more forceful trading environment could make inroads into one of the

more inefficient elements of the Japanese economy—its long and grossly overmanned distribution system, which has long acted as an informal social welfare system, providing jobs for the needy. And all this will be taking place at a time when the slow advance of female emancipation is bringing more women into the labour pool, albeit many of them as part-timers.

The result is expected to be rising unemployment. There has already been an increase, with the total reaching 2.9 per cent of the labour force in April, up from 2.5 per cent a year earlier. Some economists are predicting a gradual rise to about 5 per cent—low by recent Western standards but high for a country where a sense of community is such a vital part of national life.

At the same time, however, employment will be expanding in the services sector. After four decades of extraordinary self-sacrificing economic advance from the ruins left by the

Second World War, the Japanese are now placing greater emphasis on the quality of their lives and environment.

There are calls for better housing, a reduction in working hours (many people still work a six-day week), for greater social amenities and improvements in the infrastructure (the smell from an inadequate sewage system assaults the nostrils in even the best-heeled areas of Tokyo).

All this could go a long way to providing the much-desired burst of domestic demands. But much will also depend on the Government smoothing the way with corrections to the imbalanced way the economic framework has developed over the past four decades. The Maekawa report may have crystallised informed opinion, but in a consensus political system like Japan's it is, as one economist puts it, "not easy to inflict pain." In the aftermath of the election, how able will the politicians be to deliver?

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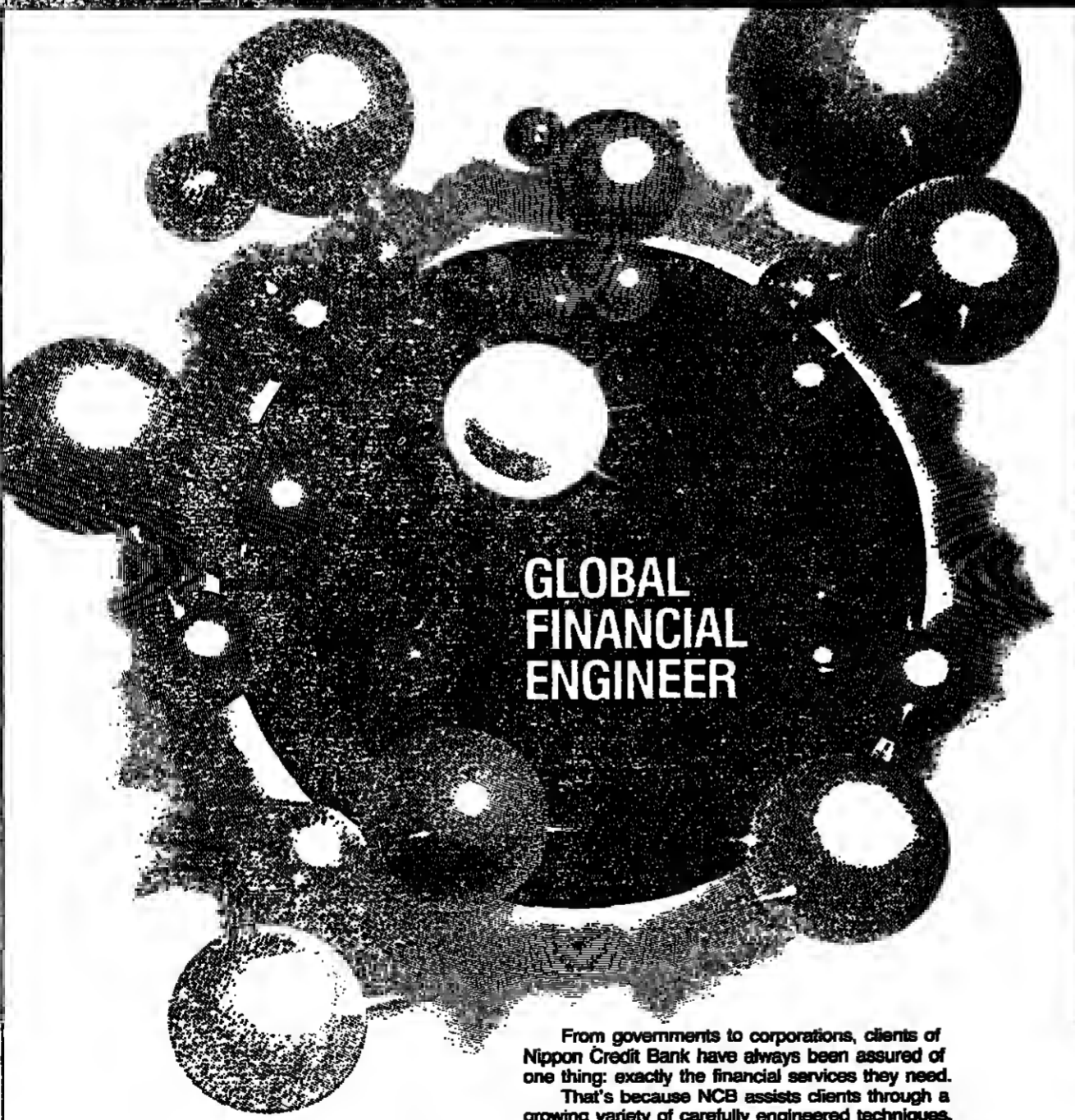
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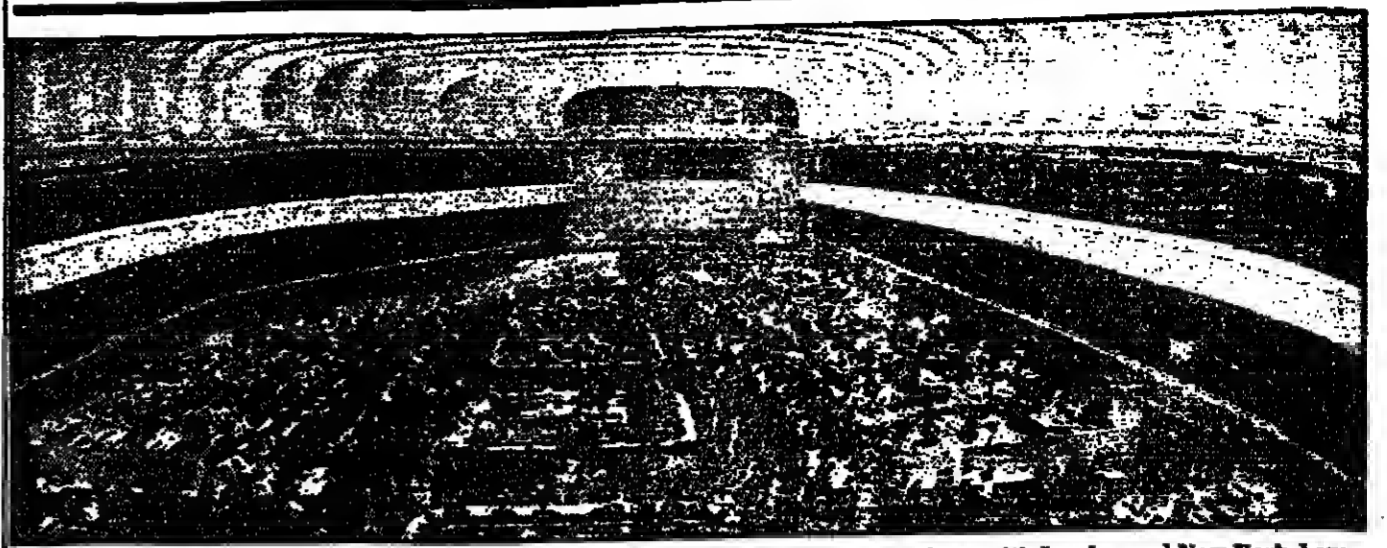
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JAPAN 8



Tokyo's ambitions to become the third leg in a global financial trading network, along with London and New York, have made such financial institutions as the Tokyo Stock Exchange (above) a magnet for foreign houses.

Investment

The foreigners move in

THE TOKYO investment community has never seen anything like it. Suddenly the Japanese capital seems to have been invaded by virtually all the world's significant investment banks, vacating up staff and sending salaries rocketing, though not yet to the giddy levels of London and New York.

The liberalisation of the financial framework set in motion some two years ago has made Tokyo a magnet for foreign houses as it prepares to become according to conventional wisdom—the third leg in a global financial trading network, along with London and New York.

The Japanese capital markets still have a lot of liberalising to do before they can really be set alongside their British and US counterparts, but the blossoming of the past two years is none the less remarkable, given how long the country had clung to the inflexible, inward-looking financial system that rebuilt the economy after the Second World War and had little room for foreigners.

However, those attitudes have had to change in a world where Japan has become the largest creditor nation: Japan's net capital outflow last year surged to \$60bn and total foreign assets at year end totalled \$129.5bn, up 73 per cent on the previous year.

The changes in the regulatory framework took off partly in response to international pressure, particularly from the US, which was concerned about the then yen/dollar exchange rate, the lack of sympathetic movement in Japanese markets to developments elsewhere, and the very limited use of the Japanese currency in international markets.

Meanwhile, the growing interdependence of the world's securities markets led to an insistence by Western financial organisations on reciprocal concessions in Tokyo to any granted to Japanese houses in London and New York.

But the spirit of liberalisation measures has a considerable way to go and three important questions have yet to be answered: How far and how fast will the Japanese be prepared to dismantle the remaining inflexibilities? To what extent will they be prepared to lower the barriers dividing their domestic financial institutions? And just how much of an impact will the foreign houses now piling into Tokyo make in competition with their large local rivals?

Moves to date include the liberalisation of foreign exchange transactions and a start on the lifting of interest rate ceilings, initially on larger deposits, with smaller ones supposed to follow later; deregulation of the money and capital markets, including an easing of restrictions on the issue of certificates of deposit; the introduction of money market certificates; the creation of a yen denominated bankers' acceptance market and partial liberalisation of the European market; concessions to foreign security houses, including for a privileged half dozen, membership of the Tokyo Stock Exchange.

But the pace of change is not fast enough for some Western banking critics. "The Japanese seem to try hard. But when the result arrives it is often not what the Western ear has heard," says Mr Paul Hofer, first vice president and manager of Credit Suisse in Tokyo.

One of the major problems areas is the continuing controls on interest rates under Japan's post office savings system, which also gives small investors tax concessions on their deposits. An adequate short-term money market cannot exist while interest rates are rigged, and Tokyo has yet to establish a Japanese treasury bill market. A commercial paper market is also some way off.

Although a year old, the bankers' acceptance market has been conspicuously unsuccessful and there are fears that regulatory restraints may have a similar effect on the Tokyo offshore market due to be established this autumn.

But for all these complaints,

the foreign houses have been allowed to breach some of the barriers which still separate the country's domestic financial institutions.

When the Government restructured the national banking system after the Second World War it adopted the principle of specialisation, with different types of institution occupying protected market niches. In view of the then capital shortage, a distinction was drawn between long-term credit banks, offering long-dated debentures, and commercial banks (known in Japan as city banks) operating at the short end of the market under a system of regulated interest rates.

With Japan awash with capital, the distinction is no longer particularly valid. The city banks have moved into the longer end of the market while the credit banks have been going offshore in search of business, becoming particularly active in the Eurobond market.

foreign banks' growth in the securities business, corporate finance and fund management rather than traditional commercial banking, where their fingers have been burnt in a struggle with low cost Japanese banks for a share of a shrinking loan market, as the national preference has switched towards securities as a financial instrument.

But how strongly will the foreigners be able to compete with the Japanese houses, led by Nomura Securities, which last year enjoyed profits of \$1.2bn—more than any of the Japanese banks?

The leading foreign players in Tokyo all profess confidence that there is enough business to go round. Others are more sceptical. Mr George Currah, of International Business Information, a Tokyo-based financial services management consultancy, suggests there is going to be a shake out, particularly among houses which lack strength in two overseas areas

those with Tokyo branches—means having to pay stock exchange members 27 per cent of commission for executing deals.

A major priority for Western houses seeking to sell foreign securities into the Japanese market will be a strengthening of their local distribution networks, and this is likely to favour firms which already have a reasonable client list.

A strong research capability—both in the Japanese market for sales abroad, and in Western markets for sales to Japanese clients—is perhaps the greatest advantage the foreign houses have as they take on the local opposition. There is at present little tradition of technical research in the Japanese broking houses. "Our strength," says one foreign banker, "is that we see the world through fine eyes."

As a result, many foreign houses see investment advice or discretionary fund management (the two are separate activities in Japan) as areas with great potential. But the Japanese opposition is only too well aware of this, and will be trying to catch up fast. "We have a two-year window of opportunity to show what we can do," says one UK investment adviser.

Foreigners cannot hope to get much domestic Japanese portfolio investment, given the obstacles that exist between Japanese industrial and financial services companies. But they can hope to pick up a sizeable slice of overseas action if the Japanese investors start switching parts of their portfolio out of US Government bonds and into American and European equities. The trust banks and life insurance companies, significantly, have just been allowed to invest up to 25 per cent of their funds abroad, as against 10 per cent officially before.

Another area in which the foreign houses see substantial growth is international mergers and acquisitions, as Japanese companies move towards direct overseas investment in the wake of the yen's appreciation.

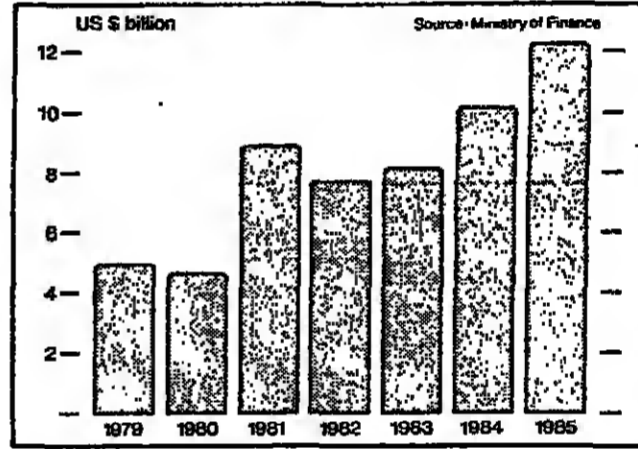
However, the supposedly rich pickings offered by the opening up of the Japanese market could prove hard to come by, and require a great deal of patience.

Apart from the formidable competition of the local houses, the Japanese capital markets remain—despite liberalisation—hedged around with regulatory and practical constraints. For example, over half the Stock Exchange's transactions are made on a physical delivery basis, and there are no signs of an early end to minimum commission.

In a major recent study on world financial markets in 1985, Nomura Research Institute warned that Japan still needed "a radical and complete revolution in thinking" if it was to fulfil the functions of an international financial centre. A world of effortless and transparent 24-hour equity trading still seems some way off.

Martin Dickson

Direct foreign investment



The official barrier between the two is expected to fall before long and will probably be followed by another post-war distinction, that between the city banks and Japan's seven trust banks. The latter have a "skin deep" he warns.

A lot of people are trying to put on fashionable financial clothing but their competition is only skin deep," he warns. Some of the strongest competition should come from the six broking houses which have just become the first foreigners to be granted membership of the Tokyo Stock Exchange: Merrill Lynch, Vickers de Costa (now a Citicorp subsidiary), Jardine Fleming, Morgan Stanley, Goldman Sachs and S. G. Warburg. Four other foreign applicants were denied seats, which went to Japanese houses.

Membership does not come cheap, at more than ¥1bn plus a host of start-up costs, and one of the main advantages is intangible: a seat is very important for a firm's prestige, giving an air of belonging, with a long-term commitment to the country. That matters in Japan.

Another advantage is that being in the second tier of foreign brokerage houses—

in which there is strong Japanese interest—US Government bonds and the Euromarkets.

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JAPAN 9

Privatisation

State edges out of the big four

A major privatisation programme is under way in Japan that should eventually place in the hands of private investors parts of four major state-controlled businesses: Nippon Telegraph and Telephone (NTT), Japan Tobacco Inc (JTI), Japan National Railways (JNR) and Japan Air Lines (JAL). (see page 10)

The programme has the strong personal backing of Mr Yasuhiro Nakasone, the Prime Minister, and the motivating forces are similar to those behind privatisation programmes in other countries around the world.

The aim is to free the four companies concerned from stifling bureaucratic controls, making them more efficient and subject to greater competition. Despite Japan's general reputation for industrial efficiency, its state-owned industries have not been very highly regarded, and some

notably the railways—have unusually militant labour forces. At the same time, the sale proceeds should be a helpful addition to government funds in a country obsessed by its budget deficit.

If the aim of the programme is similar to the West, some of the means by which it is being implemented will not be. In particular, the Government is changing the legal status of the companies to place them, theoretically in the private sector without simultaneously offering shares to them to the public, or necessarily setting a timetable for this. At least one corporation—the railways—is likely to remain in this limbo-land for several years to come.

While the overall thrust of policy is the same for all four, their particular circumstances vary considerably.

Martin Dickson

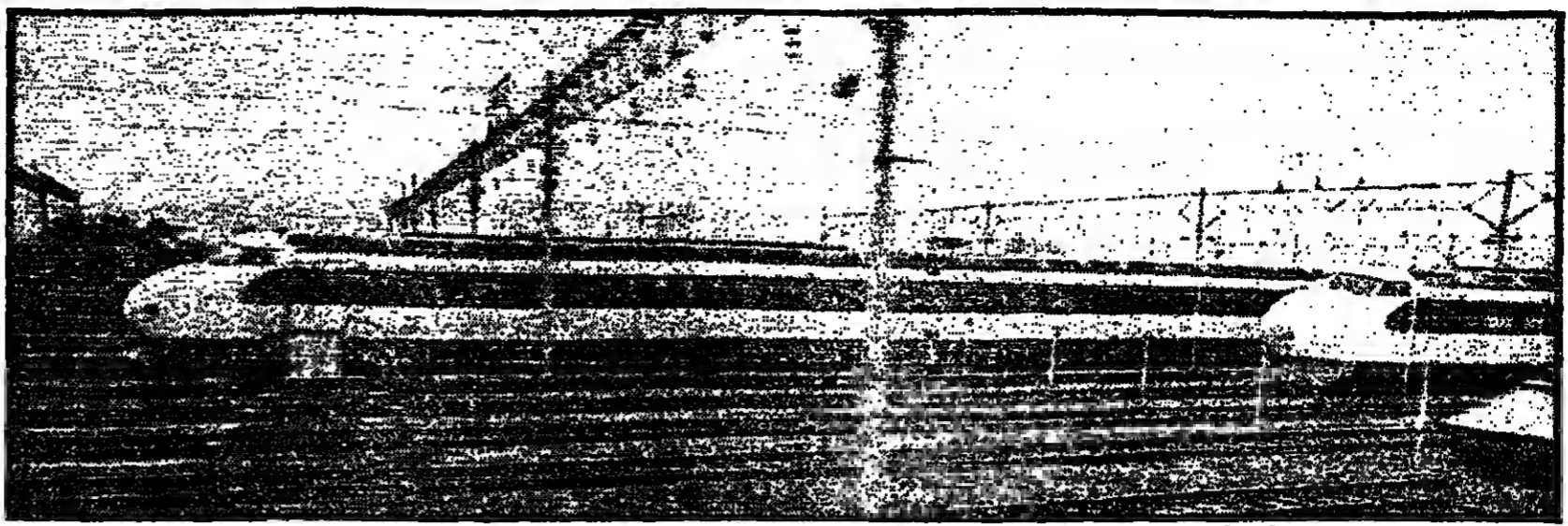
Japan National Railways faces the Government with by far its biggest challenge, on two counts. First, privatisation has been strenuously opposed by the political opposition and by the main rail union, which sees it as a symbol of Mr Nakasone's attempts to cut back the power of unions and the role of the state.

Second, despite its technical excellence and good service, JNR has been a chronic loss-maker for two decades. "It's immensely efficient but a fiscal black hole," says one economist. In the year to last March alone it lost ¥1,850bn (£7.5bn). In its present form, and with its current accumulated liabilities of ¥37,300bn, it stands little chance of attracting any private investment.

The reasons for such startling losses include the political pressures of state ownership, which has made it difficult to shut down severely unprofitable routes, competition from air and road transport, and overstaffing, due in part to the strength of the National Railway Workers Union, one of the most militant labour organisations in the country.

Mr Nakasone has made clear that he attaches great importance to sorting out the railways and it is a moot point whether he regards privatisation of JNR as primarily an excuse for severe rationalisation or as an end in itself. Whatever the case, the supposed transfer of the railways to private ownership entails a drastic and extremely complicated carve-up of the system and heavy job losses.

JNR is being divided into seven separate operating companies. There will be six regional passenger railways (three on the heavily populated island



The bullet train in action. Despite technical excellence and good service JNR has been a chronic loss-maker for two decades

Filling in operation for a fiscal black hole

of Honshu and one each for Hokkaido, Shikoku and Kyushu) and a national freight service.

However, several residual bodies will remain in state hands: research will be grouped in one and telecommunications in another. A third will own the system of high speed "bullet" trains (Shinkansen) which are one of JNR's glories, and rent out their assets to the operating companies. A fourth residual body, a "rump" JNR, will take on much of the railway's accumulated debts and this the Government will presumably have to write off.



JNR estimates that some 83,000 of its staff of 278,000 will be surplus to requirements when the reorganisation comes into force, which is scheduled for April 1 next year. The way in which they will be redeployed gives an insight into the Japanese ability for group effort.

About 32,000 will have to be absorbed by the seven new companies, while a further 20,000 will be shed through voluntary retirement. The "rump" JNR will initially take on the remainder and will arrange to deploy them elsewhere in the economy, through retraining and their absorption by central and local government and private industry. The Railway Workers Union has recently been showing greater signs of flexibility towards the scheme.

The shake up will also involve the closure of numerous small, loss-making routes and a major

reallocation of JNR's debts. The three companies serving the outer islands, with fewer opportunities for profit, will go independent without any hangover of liabilities, while the Honshu ones and the freight system will together assume what is deemed to be a manageable ¥14bn.

The "rump" JNR will take on the rest, and then start reducing it through the sale of stock and of land surplus to requirements (a reallocation of resources which could help alleviate the chronic shortage of building land). But that will still leave

the Government with an estimated ¥14.7bn of liabilities. JNR estimates that the new companies will be modestly profitable in their first year of operation. Although legally in the private sector from April, their shares will not be offered to the public until they have shown they can sustain profitability, and that may take some years.

In the interim, the Government will retain 100 per cent ownership, and it must remain open to question just how free a hand the management will enjoy.

Clearing the lines

Nippon Telegraph and Telephone. The far-reaching shake-up taking place in the Japanese telecommunications industry has parallels with those occurring in Britain. Japan is privatising its domestic telecommunications corporation (NTT) as the UK has done with British Telecom.



Like the UK, it is removing the monopoly powers formerly enjoyed by the state-owned corporation. The belief is that this more competitive environment should encourage greater technical innovation at a time when the world is being reshaped by the interaction of telecommunications and information technology.

To encourage competition, in Japan, the Government has created two categories of company which can provide telecommunications services. Class one carriers, such as NTT, own their own circuits, while class two do not. The result looks like being strong competition for NTT.

So far three class one operators have obtained approval to become class two operators: long line carriers—the Kyocera industrial group, an offshoot of Japan National Railways, and another company related to the Ministry of Construction.

Several power utilities are also looking at the possibilities, while other companies—including Mitsui and Mitsubishi—are examining networks relying on satellites. As for class two carriers, about 10 groups are interested in setting up national networks and about 50 are considering local ones.

"There is going to be fierce competition," says Mr Haruo Yamaguchi, an executive vice president of NTT.

The first three class one operators are expected to begin operations this autumn in the industrial heartland stretching from Tokyo to Osaka, serving mainly business customers. NTT, which is obliged by law to connect them to subscribers, says it is concerned that they are simply "skimming the cream" by concentrating on this area.

It has yet to negotiate with

them over rates, and these discussions could prove difficult.

These services are likely to start just around the time the Government will be offering a first tranche of NTT shares to the public. NTT has been a private entity in legal terms since April of last year but the Government still holds 100 per cent of its stock.

It is expected to sell this off in tranches—15 per cent a year for five years is one possibility—though it will always retain 30 per cent of equity and no foreigner will be allowed to buy any shares.

NTT, which made a pre-tax profit last year of ¥316bn on turnover of ¥5,091bn, argues that privatisation will bring advantages as well as fierce competition, since it will free it from government restrictions on expansion.

Until now it has not been allowed to invest in subsidiaries to expand into new businesses, while parliament has had to approve its tariff increases (the Ministry of Posts will keep a check on prices after privatisation). It has also had to keep its salary structure in line with the railways and tobacco monopoly.

The competitive new environment should also put local suppliers of equipment on their toes and could lead the Japanese to source more of their equipment abroad. NTT is said to have been practising a non-discriminatory procurement policy since 1981, buying abroad when a supplier can match on price and quality.

A number of orders have been placed abroad since then, the biggest being a \$85bn contract with Northern Telecom of Canada for digital switches. However, the US Government seems confident that a substantial number of other orders are on the way.

Smokescreen of liberalisation

Japan Tobacco Inc is the country's monopoly tobacco manufacturer and its dominant position has long been a source of criticism from rival American companies and US trade officials complaining that they have been restricted from attacking the huge Japanese market (\$10.7bn cigarettes were sold in 1985).

Last year the Government moved to introduce a little more freedom into the framework under which the industry operates. However, the practical impact of its legislation has been marginal and, in the view of some cynical foreign observers was always designed to be so.

First, it legally transferred JTI from state ownership to the private sector. But since 100 per cent of the shares remain in government hands and no date has been set for any sale, the change of status means little, in any initial offering, less than one third of the shares will be sold to the private sector and the Government will always retain more than 50 per cent of the equity.

Second, it removed JTI's monopoly on the distribution of cigarettes. Foreign manufacturers, who formerly had to distribute their products through JTI, could now set up their own net-

works. However, since JTI has over 97 per cent of the market, the foreigners say they have had great difficulty getting independent distributors interested.

Mr Guy Aelvol, president of Philip Morris Asia, which has about 75 per cent of the foreigners' market share, says "privatisation of distribution is not really liberalisation."

The Americans wanted JTI to be stripped of its domestic manufacturing monopoly, arguing that this allowed it substantial price advantages, particularly given the levels of tax on imported cigarettes.

But the Government refused to do so, mindful of Japan's 80,000 tobacco farmers, who form an important element within the rural pressure groups that back the ruling Liberal Democratic Party. JTI—which made ¥24.6bn of after-tax profits last year from tobacco on turnover of ¥2,886bn—has to buy its tobacco from the farmers at prices high by world standards and the Government therefore wants to protect its position.

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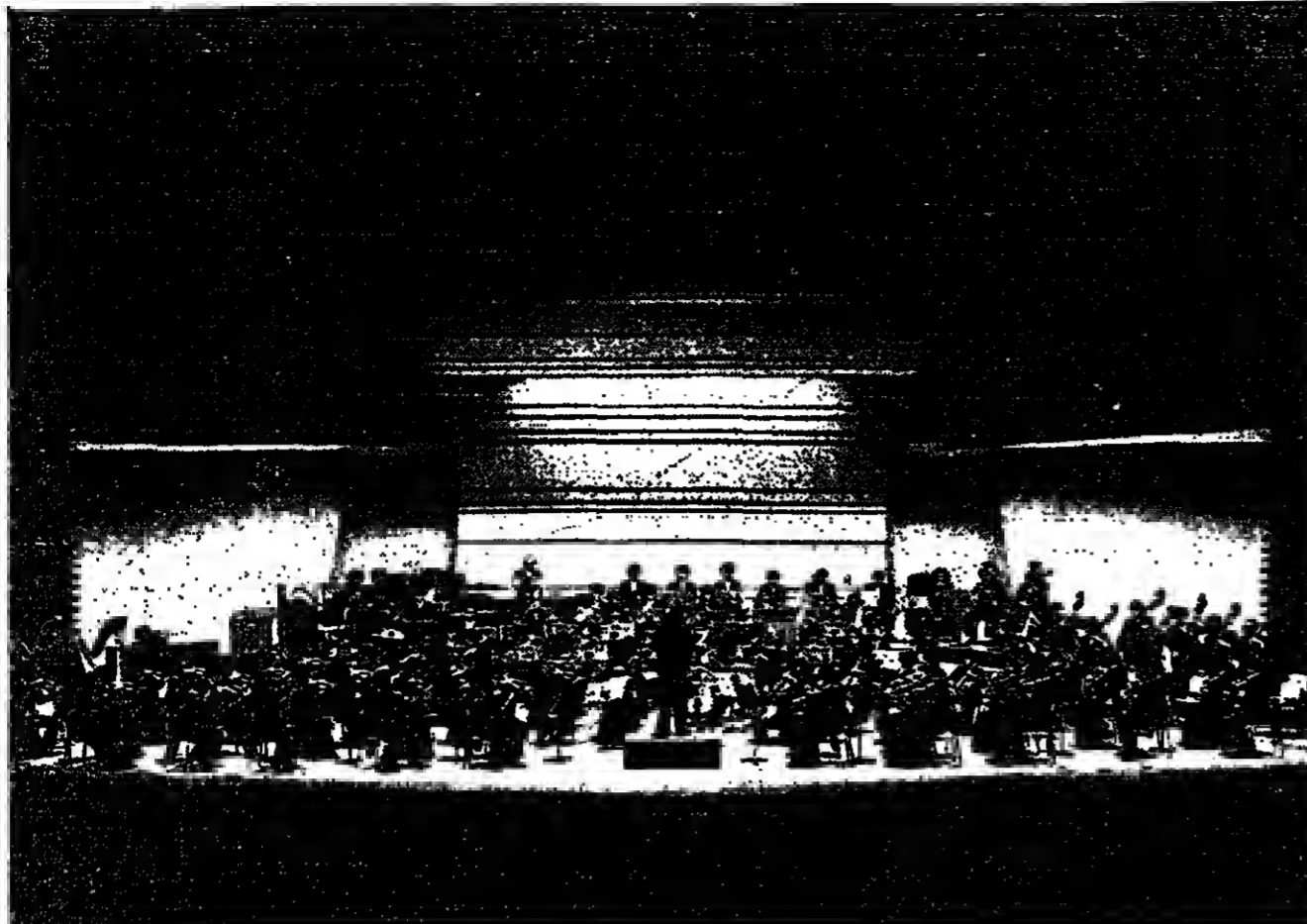
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JAPAN 10



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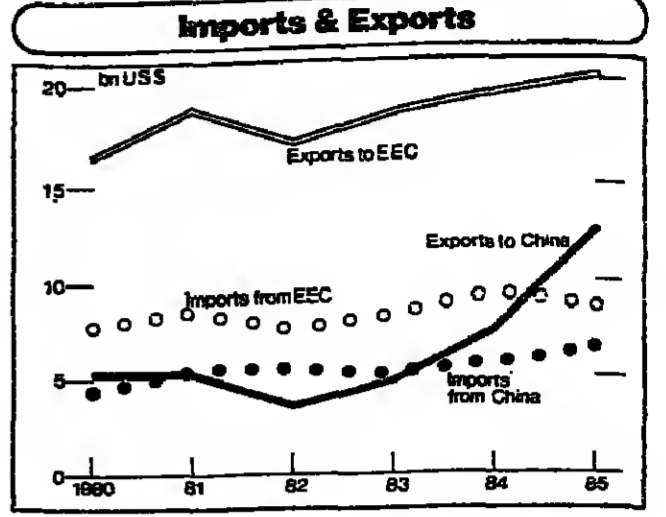
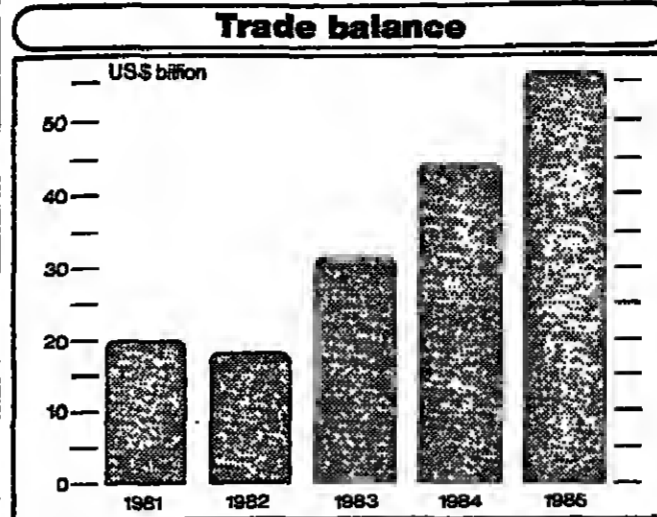
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Imbalance at crisis level

FOR THE amateur historians among us, it is enticingly simple to conclude that in 40 years of peace Japan has finally achieved the worldwide economic domination that eluded it during war. It has done so virtually without an army and with a fuzzy, retiring foreign diplomacy that is almost quaint in the modern world. Japan now has access to apparently unlimited raw material and energy supplies at near give-away prices. Even the developed world has been made to feel sickeningly like a colonial subject. Europe and North America plead with Japan to correct trade imbalances by asking Japan to buy more grapes, wine, and timber. The Japanese buy more US real estate, a bargain by Japanese standards, and US taxpayers' money begins to flow across the Pacific as the Japanese hold an increasingly large portfolio of US Government debt. Manufactured products? Japan makes just about all its needs, with enviable efficiency and high quality, thank you. Some 70 per cent of Japan's imports consist of raw materials and fuels. A full 96 per cent of exports are manufactured items, with 70 per cent of all exports consisting of machinery and industrial equipment. Once upon a time, just a few years ago, Japan's answers to the cries of its trading partners and a ring of pliancy to them. Lacking raw materials, Japan naturally ran large trade deficits with the resource-rich nations, and large surpluses with the developed world. Do not look at the bilateral balances, Japanese diplomats argued, look at worldwide balances. And when the trade account began to show unacceptable surpluses, they said, look at the current account. Japan's tariffs were low (true on average) and markets open; foreign companies just were not trying hard enough. The current balance began to get out of hand in 1983, when it hit \$20.8bn, and last year the trade balance hit an unprecedented \$46.6bn, while the current balance swelled to \$49.2bn. Only the relative efficiency of the movement of international capital has prevented these staggering imbalances from already swamping the ship of world trade. As the US current account and budget deficits soared, the Japanese have just as quickly put up the financial backing by purchasing billions of dollars of US Treasury bills. The profits from these investments have then come back to worsen the current account surplus by reducing Japan's chronic invariable trade deficit. The issue in the meantime has moved far beyond the question of whether Japan trades fairly, as many Japanese continue to maintain, but whether the huge trade imbalances threaten the very foundations of the world trading system. The conclusion is decidedly yes, and the realisation of impending crisis over the past year has begun to filter down ever so slowly and produce what many observers see as the first hint of significant action inside Japan. Japanese policy-makers now chime together in full harmony about the need to change Japan's trade relations with the world, to change its role as a beneficiary of the world trade system, to a contributor to world economic growth. They agree, apparently, on the need for Japan to import more, export less, and to stoke the engines of growth by stimulating domestic demand. The first, and possibly the most important element of this change, was the co-ordinated



gives some hint of how resilient Japanese exports are. Nearly every day a major Japanese manufacturing company reports a decline in earnings due to the higher valuation of the yen. Most exports are priced in dollars, and the manufacturers are getting fewer yen. Still the declines come after two years of record profits for Japanese companies, and they clearly have plenty of fat to burn through. Exports now account for more than 50 per cent of the business of Japan's precision instrument, automobile, and home electric appliance manufacturers. Companies like Sony, Hitachi, Nissan and Toyota cannot simply sit by and watch their market share decline. A lifetime employment system makes it difficult to reduce labour costs. Across the board, companies have resisted raising prices to

decision by the Group of Five industrialised nations to push up the value of the yen. "If we can maintain the high value of the yen for three years," says a senior Japanese official, "there will be a substantial restructuring of the Japanese economy." The yen has now risen by about 40 per cent against the US dollar (far more modestly against European currencies), and the early effects are just as predicted. Ridding the notorious "J" curve, the trade surplus has worsened. Japan's trade surplus in the first quarter more than doubled compared with the same period of the previous year to reach \$12.46bn; in yen terms, the surplus rose by 50 per cent to reach ¥2,333bn. The failure of the trade balance to improve even in yen terms is due in part to the international fall of energy and raw materials prices. Imports by volume rose by 3.6 per cent in the first quarter, they rose by 1.7 per cent in dollar terms, yet fell by 23.9 per cent when converted to yen values. None the less, the effects of the higher world-wide price of Japanese goods is beginning to tell. Exports in dollar terms rose by 18.2 per cent in the first quarter. Yet volume was flat, and value fell by 12.9 per cent in yen terms. The failure of export volumes to be affected more drastically, despite what is theory should be a sharp rise in dollar prices,

compensate for the rising yen, and what is emerging may be a less, but indeed highly competitive beast. Witness the 90 per cent surge of Japanese vehicle exports to the EEC so far this year. What is good for Japan as a nation, may not work for its leading companies. Japanese manufacturers have established a firm international reputation for high quality and innovativeness across a range of products from consumer electronics and automobiles to machinery and industrial equipment. They established those markets during an era when the yen was at a then an obvious price advantage. They are unlikely to be pushed from well-established positions, particularly at the quality end, simply due to price increases. In many cases, Japanese companies have already smashed the competition. That revaluation of the yen alone will not right the problem that has become part of the stock wisdom of Japanese officials, and there are encouraging trends in other areas. Japanese direct foreign investment overseas has been on a steady increase. The largest area of increase in recent years has been in Europe and the US, where the Japanese have set up assembly operations for automobiles and consumer electronics both to avoid protectionist barriers and to be closer to the markets. With the rise of the yen, these

overseas plants have become far more price competitive. A Nissan official recently entertained the notion that it might be profitable to import a US-manufactured Nissan car into Japan. More to the point, a string of Japanese companies have recently announced plans to build new electronics plants in South-East Asia, particularly in Singapore and Malaysia, not just to service local markets, as in the past, but to export finished and semi-finished goods to Japan and elsewhere. These overseas manufacturing bases, if they continue to grow, will inevitably serve to stem the pressure of exports coming from Japan itself and to ease trade imbalances. But by how much? No one believes any more that a higher yen and a modest rise of Japanese overseas investment will be enough to balance a trade surplus in excess of \$50bn, even in the long run. In the short run, Japan's trade partners are crying out for relief. A recent White Paper on international trade issued by Japan's Ministry of International Trade and Industry set four conditions needed for Japan to increase imports of manufactured goods: a sustained strong yen, greater foreign investment and technology transfer by Japanese businesses, further efforts to open Japan's markets, and last, but far from least, effective efforts to stimulate domestic demand in Japan. It is these latter two questions that still provide the greatest obstacles. Except for isolated product niches, such as aviation equipment and computer software, Japan's major companies are locked into a pattern of buying manufactured products and components from each other, a pattern often reinforced obliquely by arcane government regulations. For the consumer market, penetration is a daunting task at best. It can be done, as some success stories clearly illustrate, but that success comes only after mastering an intricate distribution system and catering to what may be the fustiest consumers in the world. Success comes at a cost that is likely to discourage all but those who can withstand years of loss and frustration. The onus for change thus must await some more fundamental change in Japan's spending habits—some movement by the Japanese people to work and save less, to play and spend more, some moderation of the Government's near-religious attachment to fiscal austerity, some movement to buy more of what both Japan and the rest of the world produces. Japanese officials claim this change is now slowly coming. The question is whether the world has the time to wait.

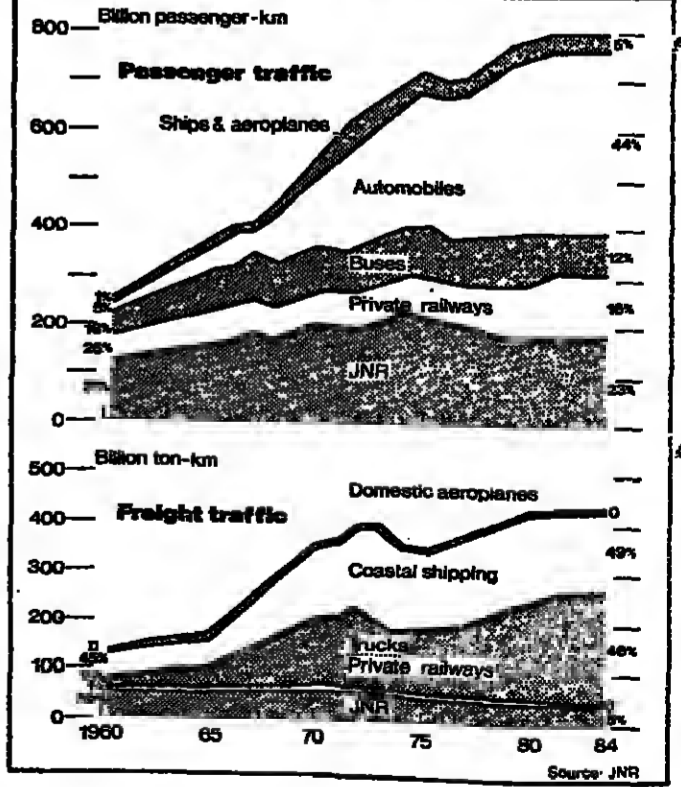
Steven Butler

Disposal should aid competition

CONTINUED FROM PREVIOUS PAGE
Japan Air Lines. The Government is planning to sell its 24.5 per cent stake in JAL, probably next year. It has yet to decide the precise timing and whether to sell the stake all at once or in tranches. The disposal is part of a move towards greater competition in the Japanese airline industry, which has the third largest domestic market in the world (after the US and USSR), with about 45m air travellers a year. The market is served by three major carriers. All Nippon Airlines has 54 per cent of domestic traffic and Toa Domestic Airlines has 30 per cent. JAL, which has long enjoyed exclusive international rights, is restricted at home to trunk routes giving it 20 per cent of the market. Recently, the Government's policy had been protective, allowing each of the airlines to develop businesses without too much competition. Indeed, of the 102 domestic routes, 143 are monopolies. However, policy has changed rapidly since 1984 when the Ministry of Transport signalled that it would be moving towards a more consumer-oriented policy. In April last year, as part of a new bilateral air agreement with the US, the government got authority for a total of three Japanese carriers to fly to the

US, thus breaking JAL's international monopoly. At the same time, JAL is to get greater access to the domestic market—though physical constraints on airport space means there will be no deregulated free-for-all. Against this background, JAL is keen to see the Government sell its 24.5 per cent stake—a holding which makes it the largest shareholder and gives it control of the airline. JAL's management appointments are subject to government approval and so are its operating plans and investment decisions. This, it says, has curtailed its ability to respond rapidly and flexibly to market developments. In preparation for the stake sale, JAL recently announced a reorganisation of its corporate structure aimed at increasing profitability. It involves the creation of four new profit-oriented divisions and a new marketing outfit. The plan was the brainchild

Domestic traffic & share of transport



JAL's strong new vice-chairman, Mr Junji Ito, who was brought in by the Government after last August's jumbo jet disaster killed 520 people. That crash, and the resultant fear of flying, has hit the airline's profits hard. It recently reported a pre-tax loss of ¥1,660m in fiscal 1985, compared with a profit of ¥22.5bn the previous year, as a result of a sharp drop in domestic traffic after the disaster.

Steven Butler

JAPAN 11

Market Access

Why the alarm bells are ringing

IT IS a steep plunge indeed from the lofty sentiments about reforming Japan's role in-world trade expressed by senior Japanese officials to the frustrations and failures of Japan's trade partners, who have been banging for years on a door that proved sticky, to say the least.

It is Japan's powerful, developed trade partners — the US followed distantly by the European Economic Community — that have led the fight to have that door opened.

"It's like running a marathon, but when you get up to the wire, you find the wire has been moved four miles down the road," says a frustrated US trade official.

The complaints are simple — Japan has taken advantage of the relative openness of US and European markets to develop high-volume export industries while not opening its domestic market sufficiently to the outside. The result has been the destruction of manufacturing jobs and even whole industries in the developed world, from electronics to automobiles.

"We are not so concerned about the size of the trade deficit," said Mr Laurens Jan Brinkhorst, head of the EEC delegation in Tokyo, in early June. None the less, by the end of the month, as more statistics became available, Mr Brinkhorst issued a cry of alarm about apparent Japanese targeting of the European market, where currencies remain relatively strong. As the weak dollar erodes Japan's position in the US, Japan's exports to the EEC surged ahead by 53 per cent in the first five months of the year.

Still, the concern of the EEC is principally with the composition of trade. In 1970, machinery and machine tools accounted for 43.2 per cent of the EEC exports to Japan. In 1985 that shrank to 26.2 per cent. EEC exports have become dominated by processed and semi-finished goods.

Japanese tariffs have fallen so that on average they are among the lowest in the world. Yet the market has often proved impenetrable for a hundred other reasons, ranging from a thicket of bureaucratic rules that discriminated, intentionally or not, against foreign products to unique difficulties inherent in the market itself, including a general preference among Japanese consumers and companies to buy Japanese.

Passing one barrier, a foreign company frequently tripped over another.

Japanese leaders slowly came to appreciate the reality that unless they found ways to open their domestic markets further

they would be cut off from export markets abroad. A series of seven programmes earlier in the decade had little practical result.

Yet they culminated in an "action programme" initiated by Prime Minister Nakasone in July 1984 that was more sweeping than anything that came earlier. It has led to dismantling a series of tariff and non-tariff barriers to the market.

"There has been a change in attitude" says a US trade official. "It is more than appearances."

Hold your hats. No one, least of all the Japanese, expects any of the programmes to have a substantial impact on trade flows. Yet for individual companies in some sectors the scope of opportunities has clearly improved. There is now a potential.

The programme, along with related actions, has spawned a plethora of committees and meetings, that suitably reflect the complexities at hand. The rooms of materials describing rule changes and tariff adjustments is stillifying for its sheer volume, yet it indicates some real change.

Tariffs have been eliminated on many high technology items. Tariff reductions have followed in a range of agricultural products. Foreign test data for pharmaceuticals is now accepted with some qualifications. A speed up of pricing for drugs under the national insurance system will also reduce costs and uncertainties for foreign companies.

The Japanese Government now accepts test data from designated foreign testing organisations for new products. This eliminates the need for the Japanese Government's own personnel overseas to inspect factories and products.

"It can say from personal experience that the elimination of tariffs in the information processing industry, coupled with the strengthening of the Yen, have afforded us the opportunity of pricing strategies that will make it more price competitive in that market this year against Japanese information processing systems," recently wrote Mr Herbert Hayde, who is president of the American Chamber of Commerce in Japan, and represents Burroughs Corporation. He adds, though, that the markets will take several years to develop, and that means any results will be slow in coming and hard fought.

The improvements across a range of specific regulations came after the US revamped its tactics for pressuring the Japanese. Instead of the harping on the general

unacceptability of the trade flows and exhorting the Japanese to do something about it, the US began to raise a big political sledge hammer on individual issues.

The US set up a series of talks, dubbed Moss — market oriented, sector selective — to push in selected trade areas. US officials declared the talks on telecommunications and medical equipment and pharmaceuticals to be successful in eliminating the outstanding tariff and non-tariff barriers. Electronics talks produced more mixed results, while the Moss talks on forest products largely fell prey to an aggressive and well-organised domestic Japanese lobby.

"It's absurd that there is a plywood industry here," says a US official. The US did succeed in knocking down the tariff on imported softwood plywoods from 35 per cent to 12.5 per cent in April 1987, and then to 10 per cent in 1988.

The mixed results of the VUs talks led one participant to dub the successes as "pushing an open door." He argued the talks did not achieve anything the Japanese were not already ready to give away. The diffuseness of the Japanese political system, and the impossibility of sustaining strong leadership against powerful domestic lobby groups will forever bar some sectors from progress.

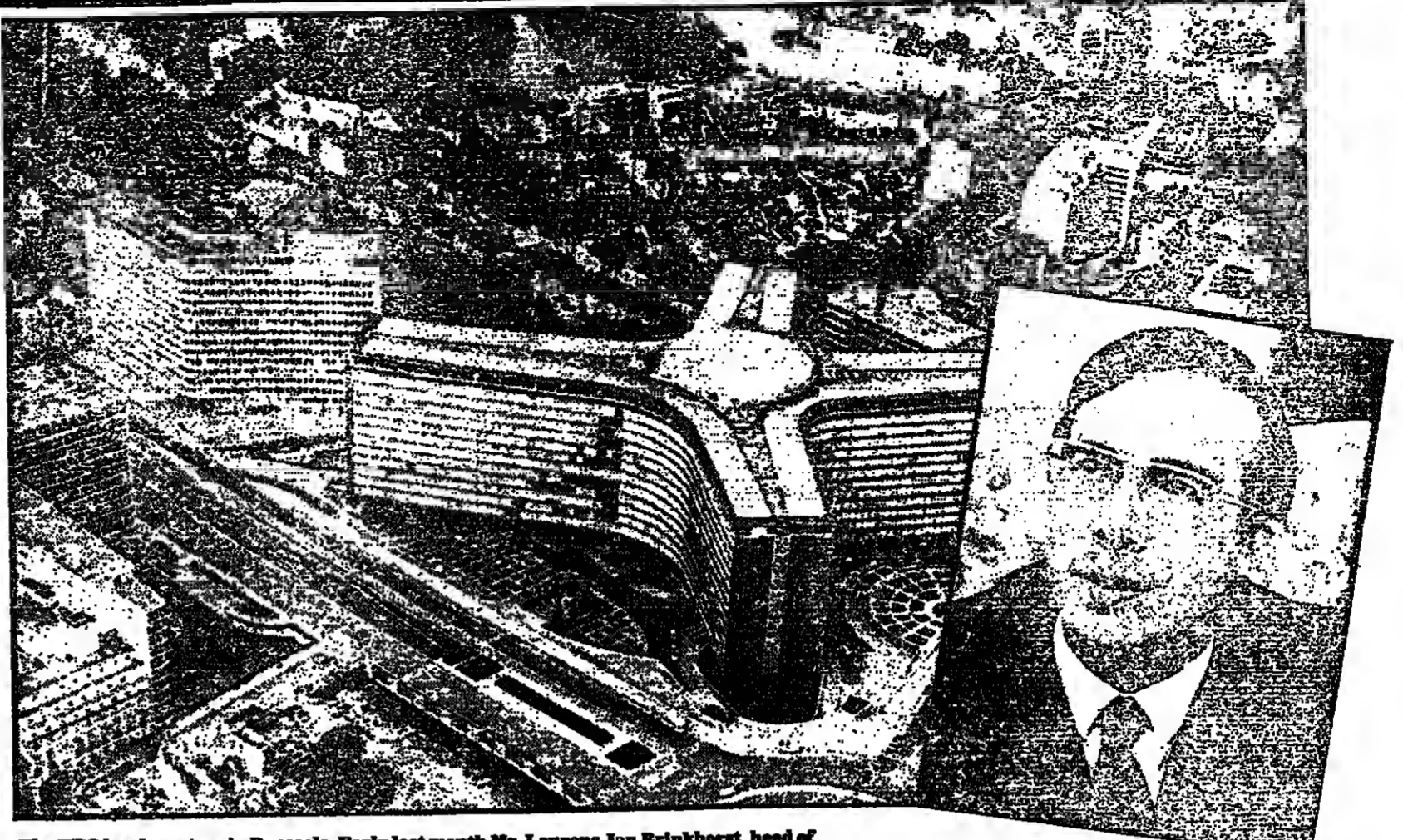
The difficulty often lies in unangling an incredibly complex system that was set up to protect Japanese companies, and directing it to do something different.

US negotiators thought they had a breakthrough when they cleared the way for loaded "high cube containers" to be transported on six routes from Yokohama harbour to Tokyo.

The larger shipping containers are used chiefly by US lines, and the Japanese banned the imported containers ostensibly on safety grounds to protect low bridges.

The joke is that the containers are manufactured solely in Japan and are transported without restriction to the ports for export. After reaching agreement, however, shippers discovered that for the short haul to Tokyo, each individual container still needs 6,684 separate pieces of paper filled with the proper authorities to clear the way. The negotiators are back at the table.

Undeterred by these sorts of obstacles, Europe followed suit in April with a big push on the tax structure which heavily penalises European wine and spirits. Japanese wine bottlers are able to gain access to cheap raw materials by the high duties



The EEC headquarters in Brussels. Early last month Mr Laurens Jan Brinkhorst, head of the EEC delegation in Tokyo complained about apparent targeting by the Japanese of the European market where currencies remain strong.

on bottled wine, which are as much as eight times bulk wine.

Scotch and Irish Whiskies are classified automatically as "special" grades, which push them into much higher tax bracket and, price-wise, out of reach for the average Japanese salaryman in his favourite after-hours drinking haunt.

Once the Government opens the door, of course, there are more doors yet to bang against. A U.S. diplomat complains that the Japanese electronics companies' quality specifications are unreasonable. "You don't need that much quality," he says.

The remark may say as much about why U.S. companies have failed to keep up with the Japanese as anything else, but it gives some indication about what companies face once they pass the gate and enter the fray. Japanese companies have the most sophisticated manufacturing technologies in the world.

Whether it is due to an irrational preference for dealing with Japanese companies, or the result of a previous bad experience with foreigners, many Japanese have trouble taking foreign companies seriously.

Foreign auto part makers say they are unable to even meet with Japanese auto engineers, so they are never able to produce sample parts precisely to specifications.

By tradition as well as for purely business reasons, a Japanese company is unlikely to break with a trusted, long-time local supplier in favour of an unknown foreign supplier unless the price or technological advantages are stunning.


Japan is now a huge market, and many foreign companies selling everything from computers and cars to bananas and motor oil have found a strong and profitable niche. With tariffs and other government barriers coming down the prospects for carving out more sections of the market here improved. Yet what remains is still an industrial economy which is highly integrated and self-sufficient after the raw materials have been taken in from the docks.

Mr Brinkhorst of the EEC, says: "The seriousness of the trade imbalance is a simple reflection of the fact that the Japanese economy is not integrated into the world."

The near-term prospects of loosening this closely-knit system are not bright.

Steven Butler

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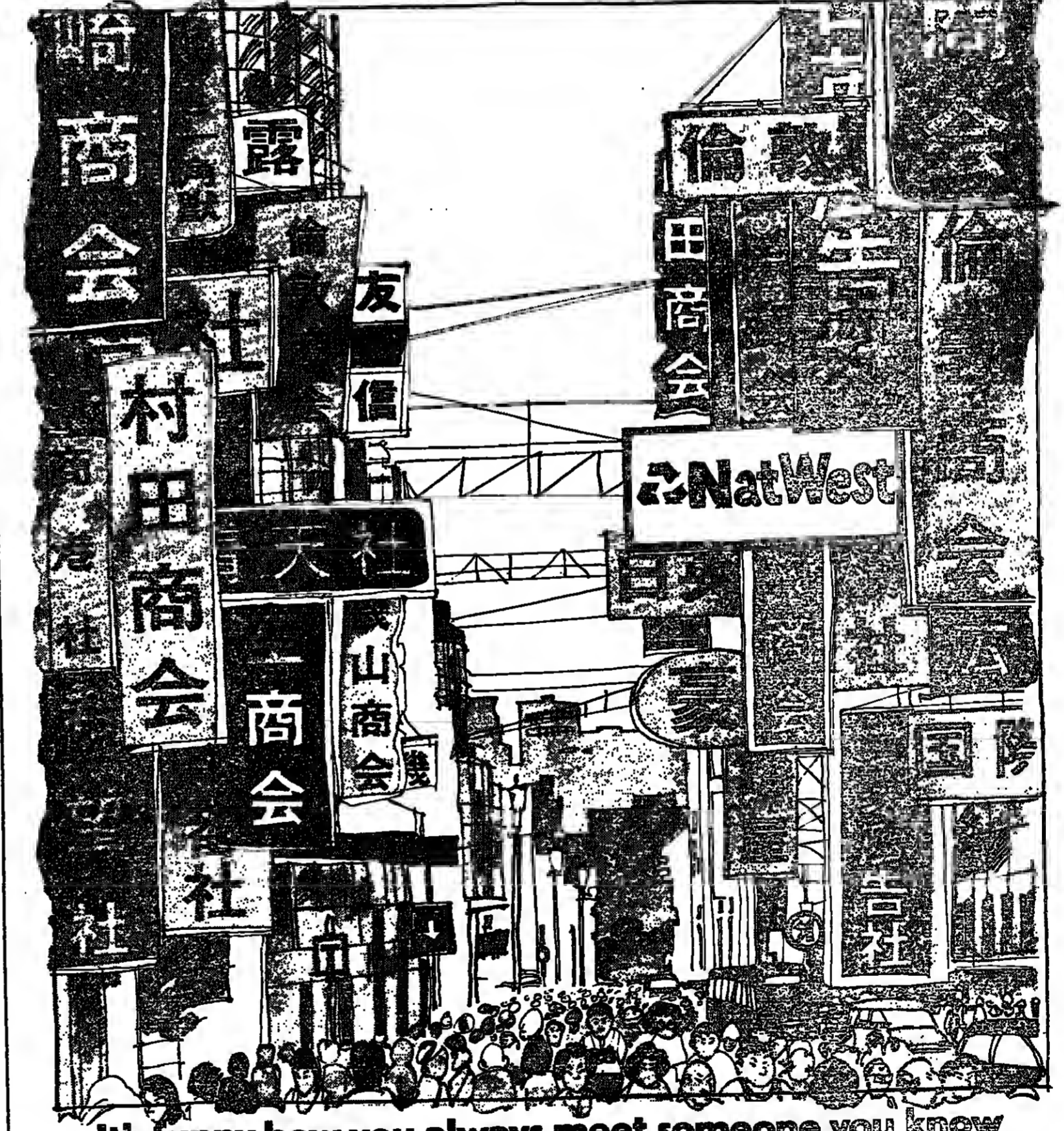
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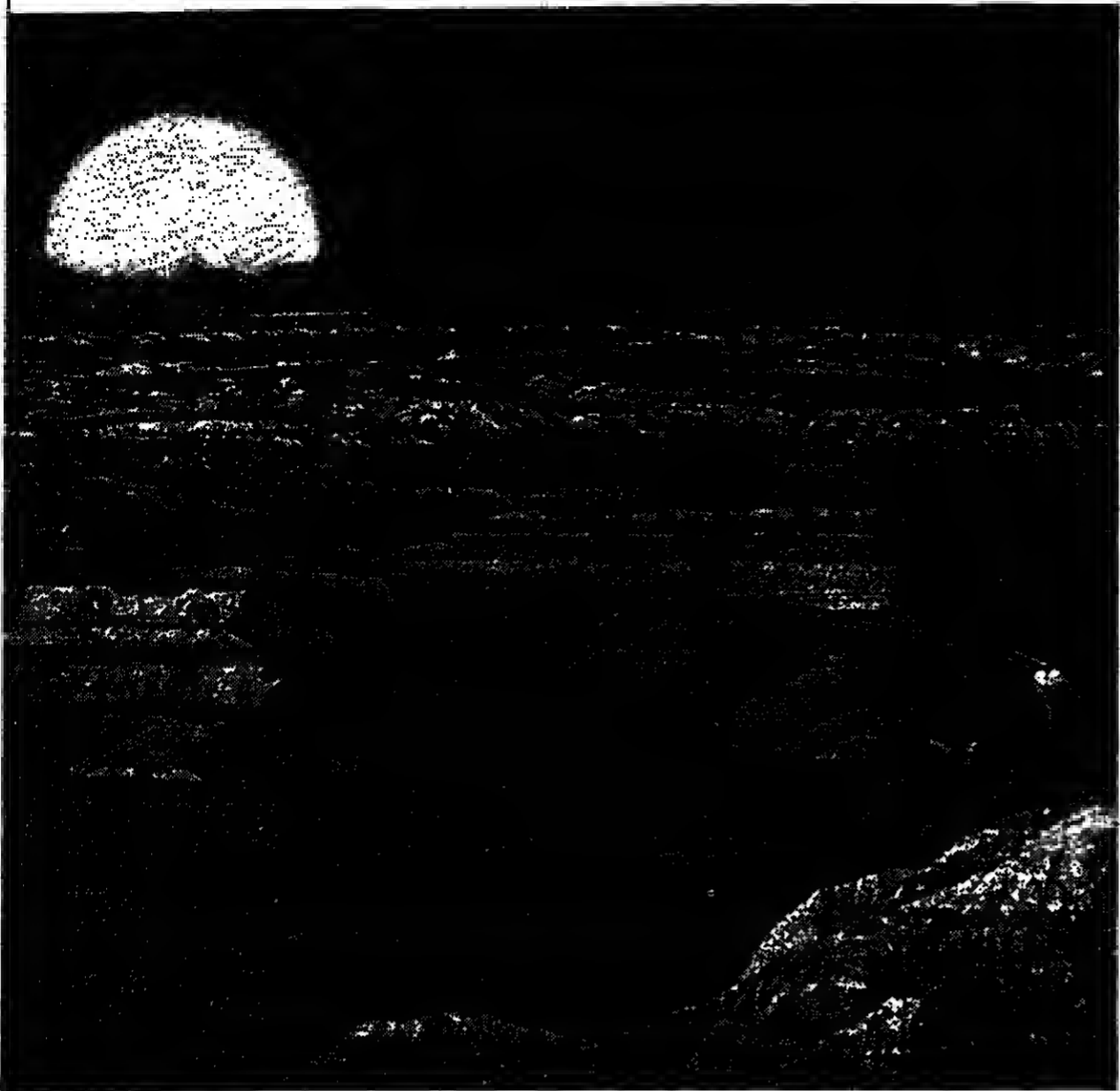
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JAPAN 12

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BMW has successfully broken into the Japanese market

How to sell to a market of 120m customers

Martin Dickson gives guidelines on how to break into a lucrative market and highlights the successes of several western companies



Left: Some of Wedgwood's fine bone china popular with Japanese consumers. The wild strawberry design was originally intended for the US market. Above: Mr. J. Russell Lovatt, president of Wedgwood Japan

"THE JAPANESE market is not as difficult to penetrate as Europeans complain, but it's also not as open as the Japanese claim," says Mr Luder Fyssen, managing director of BMW Japan.

He should know, for BMW is widely cited as a success story which shows that with the right product, right management and determination it is possible for foreign companies to make sizeable inroads into Japanese markets.

"The basic message," says one western diplomat, "is: yes, there are problems doing business here, but they can be overcome and this is potentially such a lucrative market that you can't afford to ignore it."

The potential lies in the fact that the market is large (population 120m, affluent with nearly the highest per capita income in the world) and homogeneous in its tastes (which is more than can be said of Europe).

Entry may also open up the possibility of collaboration with Japanese companies in third markets—and since the yen's appreciation businesses are pushing for greater emphasis on investment overseas.

Foreign companies established in Japan cite another important reason for coming to the country: the best way to beat the Japanese is to meet it in its home market, where you can keep closer tabs on just what the opposition is up to. "This is such a competitive market that if you can win here, you can win anywhere," says the head of one western group.

Contrary to widespread belief, Japan's formal trade barriers have not been in large measure dismantled, with tariffs generally below those in the US and Europe and quotas limited to a few items, mostly agricultural products.

Non-tariff barriers have also been reduced, though the American Chamber of Commerce complains that day to day regulation of industry is used to "block moderate or make unprofitable, new or expanded foreign investment."

In addition there are psychological, social and economic barriers stemming, for example, from a distrust of little-known foreign suppliers and the extent to which Japanese firms already dominate parts of the long and inefficient distribution network.

So how does a western company break into the market? Clearly the first decision to make is the route in. The simplest approach is on an agency basis, hiring one of Japan's 8,000 trading houses to handle your products. The advantages are cheapness and the fact that you have immediate access to great knowledge of the market.

However, it is vitally important to choose a good, energetic agent. Although many importers are attracted to the large, well-established trading houses, a smaller business may be hungrier for work—and your product will form a larger part of their portfolio.

There is also less chance of them representing a Japanese rival. Western businessmen in Tokyo claim that large trading houses have been known to "smother" the products of an importer when they have a similar Japanese company on the books—doing just enough to keep the western firm as a client, yet feeling mildly dissatisfied.

Having got a good agent, it is important to visit him regularly. "Agents get lonely. They need to feel you are committed," one British importer says. "You have to build up a relationship of trust. And having got an agent it is unwise to fall out with him—word will get around and it will be difficult to get another."

Some of the problems are illustrated by the case of Gripperrda, a British manufacturer of floor covering accessories, which entered the Japanese market in 1978 through a local agent. However, the company now admits that it spent too little time identifying the right distributor, and the company chosen had a limited distribution system and eventually went into liquidation because of financial difficulties.

Since then, Gripperrda has successfully established itself by appointing a resident Japanese representative and helping its distributor organise a national network.

The establishment of a representative office is the normal next step for any company making a deeper commitment to the Japanese market. The alternatives are the formation of a joint venture with a Japanese company (which can present cultural problems) or takeovers, which are difficult, if not impossible, since they are not common in Japan (hostile ones are virtually unheard of and a stigma attaches to the company being swallowed up). The establishment of a greenfield site is extremely difficult for businesses unfamiliar with the industrial set-up.

Whatever route is chosen, several key do's and don'ts are cited by western businessmen with long experience of the market:

- Don't expect to see a quick return. It is a market where the costs of entry are high and rewards are slow in coming. The potential investor has got to be prepared to be patient and adopt a long-term strategic approach. As a rule of thumb, many businessmen say you should not expect to make any money out of Japan in your first five years.
- Western companies, with their eye on share ratings and quarterly/half-yearly reports, can be at a competitive disadvantage to Japanese rivals, whose tight shareholding structure and high debt/equity ratios mean they can take a longer term view, pursuing market share first and testing profit follow later.
- It is expensive setting up shop. Housing and office costs are high, due to land shortage, food is expensive, and entertaining out—a vital part of business—is exorbitant, since Japanese expense accounts seem bottomless and smart restaurants set their prices accordingly.
- You must demonstrate a commitment to the market. The Japanese need to be convinced that you are going to be a permanent feature of the landscape. This applies equally to agents (who do not want to be left with an after-sales problem if you pull out), to customers and to staff.
- Many western companies say that getting good staff is one of their biggest difficulties, partly caused by the Japanese lifetime employment system and in part to wariness of unknown foreign organisations. To overcome the difficulty they often have to pay higher salaries than Japanese rivals, though even this will not necessarily overcome the shortage.
- Some companies have now begun recruiting Japanese staff members direct from universities, getting them on board at the start of their careers.
- Take account of different business customs. For example,

but it can be a particular headache for western companies competing in sectors—such as electrical appliances—where there are strong ties between specific outlets and specific manufacturers.

- It is a classic niche market, offering the best opportunities for high value, low volume goods which the Japanese either cannot make or do not care to make.
- Examples of the former include many western luxury goods which have an exclusive cachet. One example of the latter is a small British company doing well in a classic Japanese area of superiority—electronics—selling sound mixing consoles, a niche local manufacturer do not wish to enter.

The stories of BMW, the German car manufacturer, and of Wedgwood, the British fine china group, illustrate the kind of consumer goods and penetration strategies that can produce results in the Japanese market.

Wedgwood made a careful study of the market at the start of the 1980s and, after abortive negotiations over a joint venture with its existing local distributor, decided to set up its own local office, headed by Mr Russell Lovatt, who at the time was the firm's general sales manager and had suggested the push into Japan in the first place.

Wedgwood Japan started trading in March 1983 and, while not prepared to give precise figures, the company says sales volume has increased by 50 per cent since then and its already making a trading profit. It claims to have become the brand leader in imported china, more than trebling its share of this admittedly small market niche.

One important factor behind this is that Wedgwood has an executive search company to break into the market: the Japanese are particularly appreciative of fine china and Wedgwood has a quality image and a very strong brand name.

But that alone was clearly not enough in boosting market share. Other elements have included a very strong emphasis on advertising and the opening of regional offices close to major retailers, thus keeping the distribution network as simple as possible.

Mr Lovatt adds that from the start he decided Wedgwood "must go with the stream. I have tried to make it a Japanese company, operating in a Japanese way." The result is a management system based on Japanese consensus methods.

Recruiting good staff was an early headache, though Wedgwood's well-known name was some help. Mr Lovatt used an executive search company to get his initial core team of 30, and then recruiting agencies. The company now employs 114 people, only three of them expatriates, of which over 100 are graduates and it is starting to recruit directly from employees' old universities.

BMW is often held up by the Japanese themselves as an example of how to succeed—though the company is keen not to overstate this image, pointing out that it is not designed to keep foreigners out—Japanese companies also suffer from it—

CONTINUED ON NEXT PAGE

Semiconductors

US demands firm action

THE ROW over semiconductor trade between Japan and the US is now winding on like a long bad novel whose author cannot figure out how to end the plot...

that the Japanese market is closed. They say that the 11 per cent penetration of the Japanese market by US companies compared with the 25 per cent penetration of the European semiconductor market provides proof that US products are competitive and that the Japanese market is controlled by some kind of cartel-like agreement among semiconductor users.

have frequently said that the entire problem would be eased if the US companies would only establish their own manufacturing facilities in Japan. This is an argument, however, that US negotiators see as a log of dynamite because of the possibility that the US Congress might use it in reverse as a device to limit Japanese imports.

encourage a faster flight of manufacturing from the US. The General Agreement on Tariffs and Trade Organisation has raised warnings that the arrangement smacks of an international cartel to carve up a \$20bn market in violation of GATT rules.

How to sell to 120m customers

CONTINUED FROM PREVIOUS PAGE

ting out that its share of the car market was in 1985 a tiny 0.5 per cent, or 12,000 cars, the same as it sells in Austria, which has a much smaller population.

To run the fledgling operation it brought in two executives who had no previous experience of BMW but knew both the West and Japan very well: Mr Yoji Hamawaki, the president, is a Japanese who had spent 15 years in the US with Kawasaki, the motorcycle manufacturer, while Mr Poyzen, the managing director, is a European businessman who had had 22 years' experience of Japan.

Recruitment again proved a difficulty, partly because of the lack of labour mobility from local car companies, but also because BMW felt that few people trained in a Japanese motor group would suit its culture. It head-hunted its middle management from other western car companies and now recruits extensively in the universities, looking for strong individuals.

local dealers and the Japanese manufacturers. It coupled this with an innovative hire purchase package which slashed the financing costs of buying a car from the Japanese norm of 18 per cent to 8.5 per cent.



Hawaiian-born sumo wrestler Konishiki (right) on his way to winning a match



Society

On this and the following pages a glimpse of Japanese tastes and prejudices and facts and figures for the businessman

the equation. This is the possibility that the Japanese are beginning actively to discriminate against those foreigners who threaten to dominate their domestic sports.

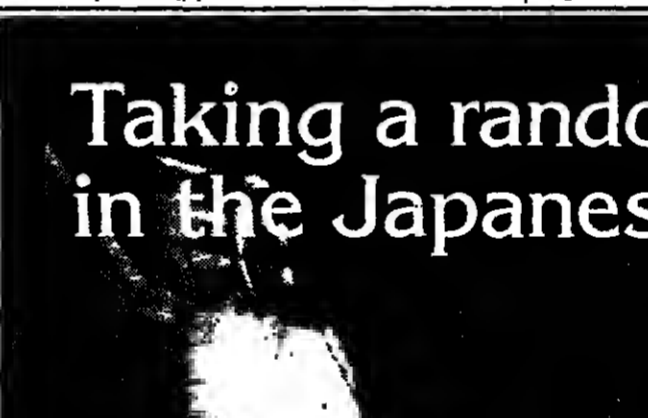
Tennis is a classic example. The Lendl, Wilander and Becker of the circuit now make a point of playing in Japan. The same they play is on a different planet from that purveyed by Japanese men who, as Ken Rosewall, another frequent visitor, says, lack aggression.

Even Mr Oh, who is himself Taiwanese, has expressed sympathy with this view, arguing that if Japan is ever to compete successfully at the professional level with the US, as it does now in collegiate contests, it must allow domestic talent full rein for development. Indeed, over the years, Japanese players tempted to try and make it in the US leagues (some, like Mr Oh, would certainly have succeeded) have been rigorously discouraged.

Discrimination in sport Evidence mounts in domestic field

LAST AUTUMN, on the final day of the Japanese regular baseball season, Randy Bass, a large American first baseman for the Hanshin Tigers, took the field against the Yomiuri Giants with 54 home runs to his credit, one home run short of the record of the legendary Sadaharu Oh, who, as fate would have it, was, and still is, the non-playing manager of the Giants.

traditional Japanese sport, abruptly gave it up. At the time of writing, the reasons remain unclear, but there was at least a suspicion that he had been forced out because he was perceived as a foreign threat.



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the picture is, of course, mixed. In those sports with rather much history of not being for international competitiveness Japan welcomes foreign stars for the enjoyment, and the education they can provide with open arms and vast pots of money.

Foreign residents, and many Japanese, were outraged in the Tokyo tournament of last May when the shade of deprived him of what appeared to be a clear victory over a young Japanese star. Insult was compounded by injury when Konishiki's knee collapsed in the re-match.

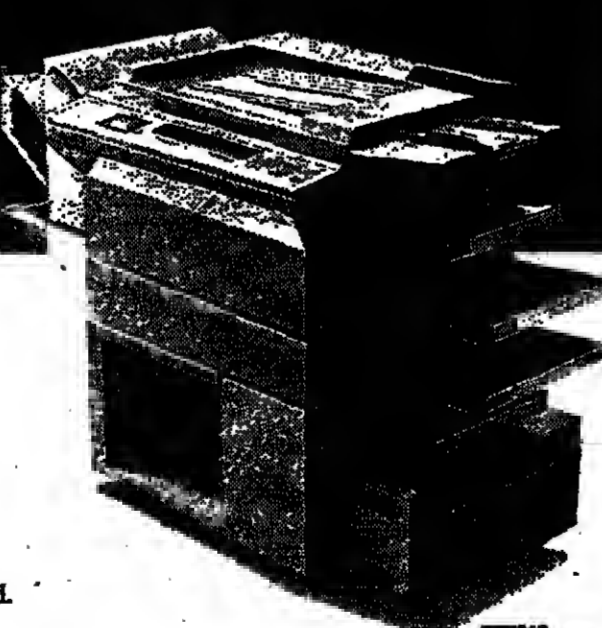
In the national opiate, baseball, the controversy is of the longest duration and the most stark. Currently each of the 12 Japanese major league teams may carry two foreigners on their roster though one, the popular Hiroshima Carp, fields an all-native team.

The imports are generally marginal American players, plus two or three Taiwanese, still capable of doing well in Japan. The just retired commissioner of Japanese baseball was an advocate of phasing out foreign players, on the grounds that they had nothing more to teach domestic performers.

However, the Japanese women's tour is another matter. With Ms Okamoto mostly playing in the US, it has in recent years been increasingly dominated by a small cadre of Taiwanese women professionals, led by the redoubtable Ms

Jurek Martin

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The Arts

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JAPAN HAS an insatiable appetite for names, big and internationally-known. Superstar musicians, conductors, famous orchestras, ballet and opera companies, art collections—all are invited.

Japan's top of the pop videos and records are no different from those in the US or UK. The best roadshow movies are available in Japan too. "If a play has won awards in London or New York, it's a sure bet the Japanese will be interested," says theatre agent, Mr Martyn Naylor.

Not all stars are allowed to wane here. Japan was the last place on earth to see Maria Callas on stage. Frequent visitor Rudolf Nureyev, is always guaranteed ecstatic ovations.

The normal Japanese reserve is shattered by "brava" for foreign touring ballet, opera and music, for whom the audiences pay big money (Vladimir Horowitz \$230; Royal Opera \$150; Mikhail Baryshnikov \$110—in contrast to the usual modest \$30 for the home performer). That Japanese artists cannot inspire such enthusiasm is a matter of concern for producers, prompting NHK Symphony Orchestra director, Kazuo Maye's remark that "Tokyo is a big market for touring artists but not for Japanese." The audiences for their regular concerts average 71 per cent capacity.

This is a lucrative market. Japan's imported culture (most of what is thought of as traditionally Japanese, originated outside, initially China and Korea, then Europe and America) makes the Japanese eager for new experiences. People nowadays have also increased time, facilities and money for the arts. The ultimate information society, they know what is on in New York, Paris, London and major cities elsewhere and expect Tokyo to follow. Some producers are now setting their sights on staging world premieres in Tokyo. This is no pipe dream. Japan's arts are big business with a sophisticated set-up and marketing strategy.

As for the customers, they have their specific likes and dislikes. Japanese audiences want nothing too intellectual. People prefer their films and plays entertaining, even better if layered with fantasy. Japanese TV is saturated with inane nonsense. They also like the safe, uncontroversial (Paul Schrader's *Mishima* film is



The pianist Vladimir Horowitz for whose performances audiences paid up to \$230 a ticket. Below, Ryuichi Sakamoto, idol of Japan's 'new humans'

black-listed, while Oshima's are censored). Japanese innate restlessness demands short runs and fast high-tech staging.

In music the popularity of Mozart, Beethoven and Brahms has only recently given way to Mahler and Shostakovich. A current spate of American plays features predictably Arthur Miller, Tennessee Williams, Edward Albee and Neil Simon—predictably, too, their best-known. The adventurousness shown by Tokyo's Parco Company in presenting a season of Sam Shepard is not unexpected—he is, after all, America's most famous modern playwright.

In classical ballet, apart from Maurice Béjart and Tadatsugu Sasaki's Tokyo Ballet Company who have pushed out the boundaries of taste by modern works, most Japanese companies perform little other than the traditional Swan Lake, Don Quixote's Giselle's etc.

No Japanese opera company would venture beyond the standard Italian or German repertoire. Even the prestigious Royal Opera fell foul of conservative Japanese taste in their 1979 tour with Benjamin Britten's opera, *Peter Grimes*. The composer, opera and Jon Vickers who sang the role of Peter Grimes, all being relatively unknown (a minimal record sales) kept audiences away.

New artists to Japan can fill theatres if backed by big producers, explained, labelled, interpreted in a good Press campaign—and put on at a reputable venue. Packing Tokyo's Parco Theatre for the Belgian producer Jan Fabre *The Power of Theatrical Madness* demonstrated clever marketing more than the production.

The Japanese propensity for recognising famous foreign names which rendered Jan Fabre more comprehensible here than in most other countries, makes Laurie Anderson and Pina Bausch almost household names in Japan.

Even less stellar foreign names though are crowd pullers. Leading orchestras such as NHK or Tokyo Metropolitan Symphony can rely on visiting conductors or soloists to boost tickets sales. This, however, creates a crisis for Japanese musicians, who regardless of how talented, in an over-flooded market cannot get bookings, and whose best prospects for a successful career are to leave Japan and try their fortune overseas.

Once established abroad, they may be later accepted back home (e.g. conductor Seiji Ozawa, and pianist Mitsuko

Uchida, set for a triumphant return in the autumn). In musicals, too the foreign influence is being felt. Japanese audiences are no longer satisfied with second-hand, home-produced versions of American shows, now clamour to see the originals. This year Chorus Line, *42nd Street* and *Dreamgirls* all play in English with American casts. This is much to the chagrin of Keita Asari, director of Shiki Company (famous for the Japanese *Cats* and most of Japan's musicals) prompting his much-publicised angry outburst at the "foreign invasion."

Certain categories of Japanese can also attract great followings. Japan's penchant for transsexual entertainment (mostly innocuous) are guaranteed large audiences of school-girls. The Takarazuka All-Girls Revue (females playing male roles) attract hordes of hysterical fans. So, too, Tammasaburo, the great Kabuki female impersonator and various transvestite singers and entertainers. The American all-male Ballets Trockadero also have a firm foothold in this bizarre market (five tours in as many years).

The peculiarly electrifying atmosphere at a recent performance demanded some explanation. It was provided by essayist Kazuo Ishida: "First, there is the Japanese fascination for oddities and freaks. But more, the phenomenon represent a throwback from Japan's primitive culture and widespread belief in a land peopled by supernatural beings."

"I see it as evidence of a society modernised too fast... rather like the world of Shakespeare's *The Tempest* set in modern Tokyo." Ishida believes that for these girls, male dancers in drag represent an exciting encounter with other-worldly creatures. Even more frisson is felt because they are not Japanese, but foreign.

One particular section of the (heterogeneous) Japanese population though, have themselves been categorised as a bizarre breed. Those born in the 1960s and brought up in Japan's electronics age are now referred to by academics and arts promoters alike as the new humans. Also known as the "post-TV generation," they are Japan's newest arts market.

The artistic preferences of these new humans are both frivolous and high tech. They like montage entertainment, multi-

media performances, particularly as supplied by Hideki Noda and his Dreams Dreamers troupe, with their mix of East and West, Sam Spielberg and cartoons, word games and social satire, strung together in unlikely plots.

The new humans also enjoy what is known as techno art—themes from science fiction, biotechnology, cosmology, genetic engineering, using computer arts and music. They are very much into Futurism. Ryuichi Sakamoto (of Merry Christmas Mr Lawrence) with his space age music and techno pop is their idol.

Paradoxically, the pull of the past is also very strong for the new humans. A craze for nostalgia ("retro boom," in Japanese) inspired by the revival of 1920s Fritz Lang's *Metropolis* and the 1950s Absolute Beginners has produced a spate of period fashions, art, writing and music.

This "retro boom" is a typical instance of mass taste which denies individuality and enforces groupism, produces an uncritical, unquestioning mass society, easily controlled. Once the product is decided, success is ensured.

The media saturates the market with information, explanation, and interpretation, so that by the time the audience go to the performance, in Hosokawa's words "there is no psychological resistance and our expectations are fulfilled."

The customers themselves provide the final unusual element in Japanese taste. Audiences are composed mostly of females—85 per cent in most cases. Few categories of the arts attract audiences of both sexes in equal proportion. Couples are a rarity.

Japan, still devoting its energies to its economy, is at too early a stage of its modern history for concert and theatre-going habits in the population at large. This, plus the problems of workaholic men, slaves to their companies, and under-utilised women—all conspire to restrict patronage of the arts largely to women.

They are the ones with time on their hands and money in their pockets—and the most manipulated section of Japanese society.

Marie Myerscough

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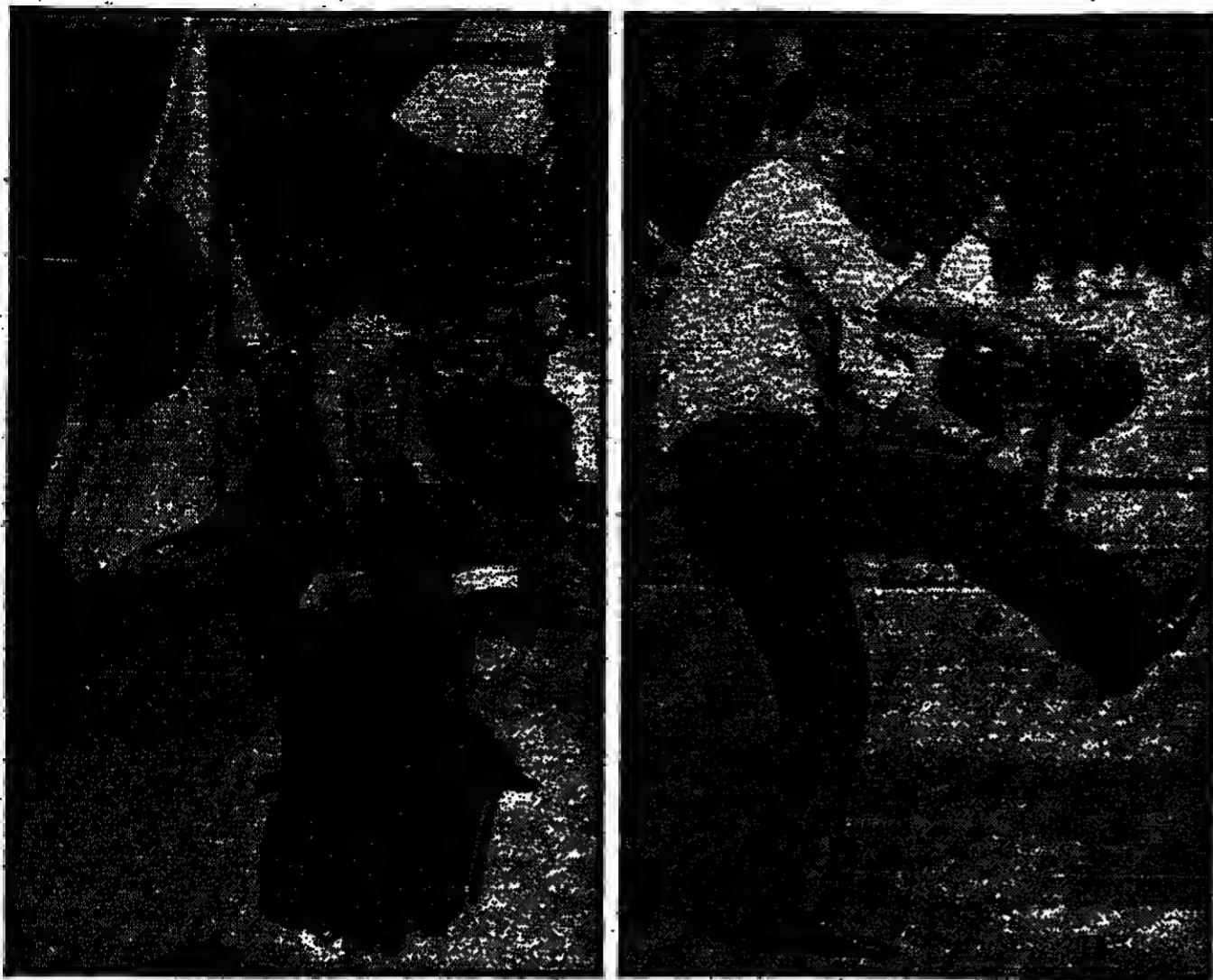
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Tokyo contrasts: Old man at the Meiji Shrine and a Tokyo office worker enjoying baseball practice during a lunch break in Hibiya Park

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CAR HIRE: Kyoto Japan Car Co. 14-1, Kitanouchi-cho, Nishi-ku, Minami-ku (tel: 661-7258), Kyoto Hotel Hire Cars (tel: 211-1010), Nippon Rent-a-Car 49-13, Kitanouchi-cho, Nishi-ku, Minami-ku (tel: 661-0311), Nissan Rent-a-Car 14, Higashi-Sanno-cho, Higashi-ku, Minami-ku (tel: 661-2161), Toyota Rent-a-Lease 30, Shinjuku-cho, Minami-ku, Minami-ku (tel: 661-2930).

CAR HIRE: Osaka Japan Car Co. 1-31, Nishikochi-cho, Naniwa-ku (tel: 632-4661), Mitsubishi Rent-a-Car 1-5-23, Minami-honjo, Nishi-ku (tel: 538-2420), Nissan Rent-a-Car 10-22, Chayemachi, Kita-ku (tel: 273-0250), Nippon Rent-a-Car 1-1-3, Shibuya-cho, Kita-ku (tel: 273-2830), Toyota Rent-a-Car 2-74, Toyonaka-cho, Minami-ku (tel: 763-4471).

TRAVEL INFORMATION: Japan Automobile Federation, Shiba-Koen, 3-5-5 Minato-ku, Tokyo 106 (tel: 496 2811), Japan National Tourist Organisation, 10-1 Yamanotecho 2-chome, Chiyoda-ku, Tokyo (tel: 216 1901), Tourist Information Centre, 6-6 Yurakuchō 1-chome, Tokyo (tel: 532 1461), Kyoto Tower Building, Higashi-Shikokicho, Shimogyo-ku, Kyoto (tel: 371 5949).

BUSINESS ADVICE: EXPORTATION American Chamber of Commerce, Toshio Building, 2-4 Marunouchi 3-chome, Chiyoda-ku, Tokyo (tel: 211 5951), Association for the Promotion of International Trade, Nihon Building, 6-2 Otomachi 2-chome, Chiyoda-ku, Tokyo (tel: 245 1561), British Chamber of Commerce, 7th Floor, World Import Mart Building, 1-3 Higashi-Ikibukuro 3-chome, PO Box 2145, Toshima-ku, Tokyo 170 (tel: 691 1500), Council of All Japan Exporters Association, Kikaku Shinko Kaikan Building, 5-8 Shibakoen 3-chome, Minato-ku, Tokyo, Federation of Economic Organisations

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Questions...

- What were this morning's opening, high, low, and closing prices for the stocks you're following on the Tokyo Stock Exchange?
- What's going on in Japanese politics and society, and how do these macro trends relate to your business interests in Japan?
- What are the key fundamental and technical aspects of any listed company in Japan?
- What's happening in the product and service markets that interest you in Japan?
- What companies are asserting leadership in each Japanese industrial sector and technological field?

...And Answers

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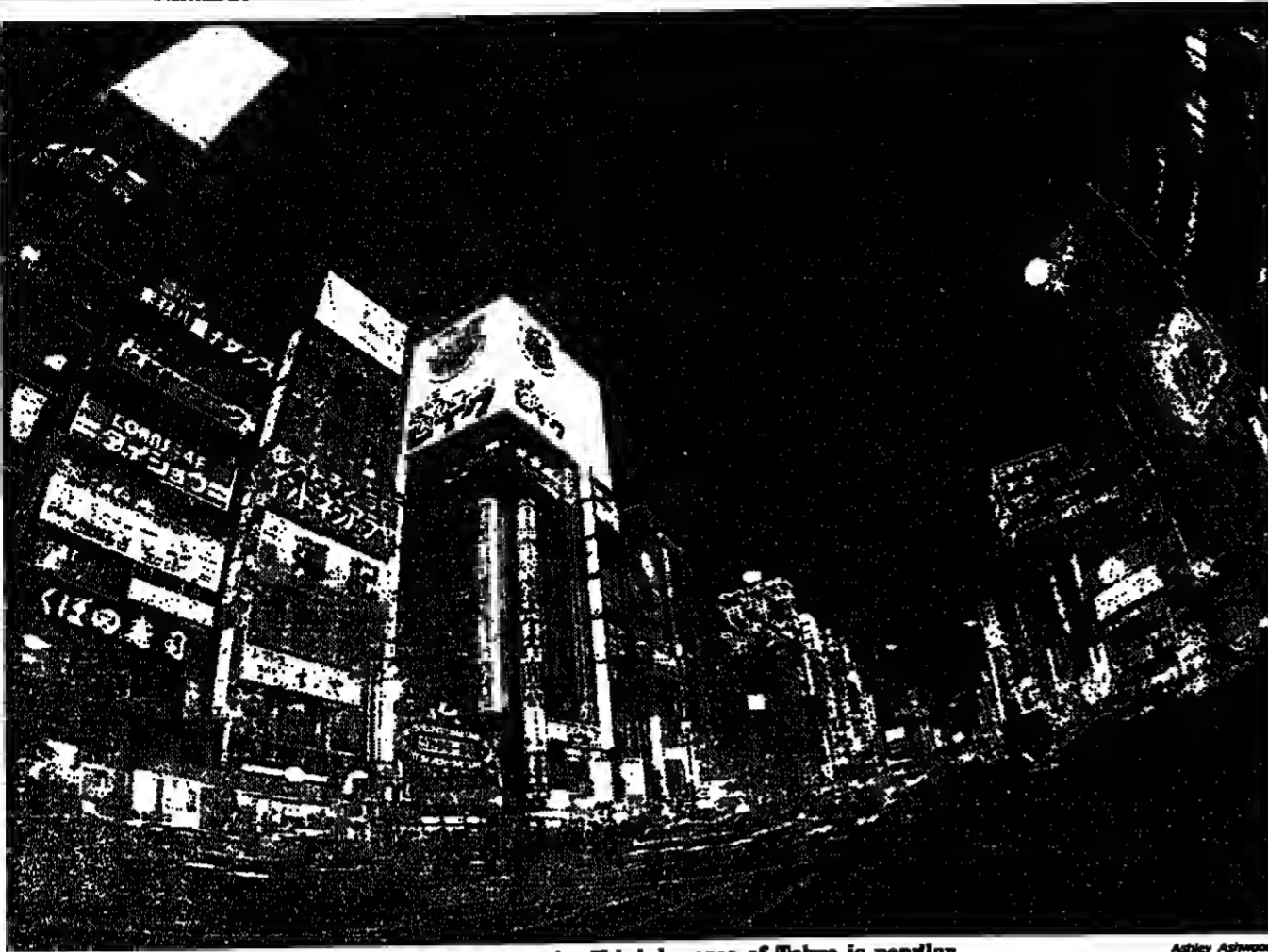
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Business life in Tokyo

The bills rise with the yen



For entertainment, the Shinjuku area of Tokyo is popular

Ashley Ashwood

THE SHARP appreciation of the yen over the past nine months has suddenly transformed Japan, not for years a low cost country, into a very expensive one. Whether visiting or resident, the bills the executive can now incur will curdle the ears of any corporate treasurer, especially one whose horizons are understandably limited by the cost of living in Watford or Peoria, Illinois.

This is unfortunate in an additional sense, because the rise in the yen has made Japan, at least theoretically, a market with much greater potential for the foreigner than hitherto. In the financial services sector, where the foreign presence has grown exponentially in the past three years, this may matter less than for the manufacturer or provider of other lower volume services, to whom the cost of a presence or periodic travels to Japan is now assuming a measurable share of any expected income.

Honesty requires reporting that there are no easy answers to the cost problem and this article cannot avoid dwelling on many of them. But this should not be construed as a deterrent to doing business, nor can it gloss over the fact that, in countless ways, Japan has become a less daunting and less impenetrable place in which

and from which to operate. To paraphrase the old war poster, "Japan wants you."

Getting there; is now easier and faster than it once was. Non-stop services to Tokyo are available, or soon will be, from many more European and US cities, cutting, depending on starting point, from two to six hours of flights via Moscow or Anchorage. For the resident flying out of Japan, yen-paid ticket prices are still astronomical even with recent reductions; many locals establish relationships with artful Tokyo travel agents who can hill tickets elsewhere or with hacket shops in the likes of Hong Kong, realising enormous savings.

Getting in; from Narita airport, 70 kilometres outside Tokyo, is still an invariable nightmare, though, for reasons no one can explain, getting out to it generally takes much less time. Either way, two hours minimum, three for safety, has to be entertained. The easiest and often the quickest, unless met by car, is the airport limousine, or bus, which runs between Narita, the city air terminal and, less frequently, the major hotels. The Narita airport car park next to the terminals costs in excess of ¥4,000 (£16 per day).

Staying for a while; is still a pleasure at great hotels like the

Okura and the Imperial (¥25,000 a night and up) and not exactly a hardship at the likes of the Alhambra Prince, the New Otani the Capital Tokyo and the Palace (a touch cheaper but not much). The Shinjuku complex — the Hilton, Hyatt and the Kelo Plaza — are fine, but not so accessible.

ANA, the airline, has just opened a brand new establishment in Roppongi, which may appeal to those with a taste for nightlife. Medium-priced hotels (¥8,000 to ¥13,000 a night) have rooms which can be very compact; of these, the President, the Marunouchi, the Diamond, the Kaiyu Kaikan and the Fairmont are all reasonably central.

Staying for the duration in apartments or houses in the most popular "gaijin" ghettos of Tokyo (Azabu, Roppongi, Aoyama, Hiroo) means Manhattan rents, and then some. Representational residences can run to ¥2m a month, three-bedroom places ¥1m plus. In nice, reasonably central, but less fashionable areas (the Banchoe, Yotsuya, Yoyogi, Ebisu) ¥800,000 a month might do.

Further out, but with much longer commutes, relative bargains may be found in Japanese neighbourhoods, though it is a fact that, outside the cosmopolitan centres, the natives do not like to rent to foreigners. In general rents are rising rapidly, as the foreign influx, especially of bankers, dries up the modest supply of "Western-style" housing.

An additional factor is that most leases will require a security pre-payment of up to six months rent in advance. Decent gardens are a rare luxury; to operate a car, a police-certified offstreet parking space is required (front rooms are sometimes converted for the purpose). There are good "foreign" schools (the Lycée, German school, American School, Sacred Heart etc), but places are finite.

Setting up an office, or moving into a bigger one, has tried men's souls. The prime business territory (Marunouchi, Oemachi) has so little available that when it crops up it can command its own price. Notional rents run from ¥15,000 a month per tsubo (about 35 sq ft) to ¥40,000, but these are modest compared to deposits which are in the ¥600,000 to ¥1m per tsubo range.

A competent bilingual secretary commands an annual salary of ¥4m to ¥5m a year. Interpreting costs — not as absolutely essential as hitherto in Tokyo — are steep, at say, ¥30,000 for two hours from the better known agencies. (Freelances, who come cheaper, do exist).

There is a growing transfer market, especially in financial services, for Japanese executives, but they leave the security of their native companies at premium prices.

Entertainment does remain a necessary part of business life in Japan, and not an inexpensive one. Receptions on, for example, opening an office or clinching a deal, are fairly obligatory and can easily cost respectable establishments. But, in general, there is a trend to less formal entertainment which the Japanese themselves seem to welcome; and Tokyo is a great eating and drinking city, for which prices vary enormously.

One of the better bargains is lunch, to which, again, the Japanese seem to be losing their aversion (though they will drink little in the middle of the day). A typical good French restaurant, which might cost ¥15,000-¥20,000 a head in the evening, may offer three course lunch specials in the ¥3,000-¥5,000 range.

The Japanese also like to be taken to the clubs, of which the Foreign Correspondents Club of Japan and the American Club are the best known. It is customary, if not required, to offer resident staff the perquisite of membership at one or the other.

Entertainment also includes golf to which the Japanese are addicted or obliged to play. Club membership costs a fortune — upwards, often a lot, from ¥20m for initiation plus hefty dues. In that memberships generally can be sold on the secondary market, invariably these days for much more than the purchase price.

Those who just want a casual round will pay not less than ¥15,000 in the week and ¥30,000 at the weekend for the privilege. Tennis also does not come cheap or plentiful; membership at the splendid, old Tokyo Lawn Tennis Club (the court are clay) costs a little over ¥500,000 and a two-year wait. For foreigners (Japanese can wait 20 years for a vacancy); suburban clubs can cost even more. Public courts, which might cost ¥2,000 an hour, have booking systems which intimidate even the Japanese.

Being there, however, can be a pleasure. For all the urban sprawl, lack of parkspace and press of people, Tokyo is one of the most civilised and liveable of metropolises. It is clean, efficient, extremely safe, and full of unexpected delights. It is conventionally said that the Japanese are difficult to get to know and it is indisputably true that many foreigners do not penetrate domestic society. There are barriers, mostly social, but the walls are coming down, on both sides, at a perceptible speed.

Jurek Martin

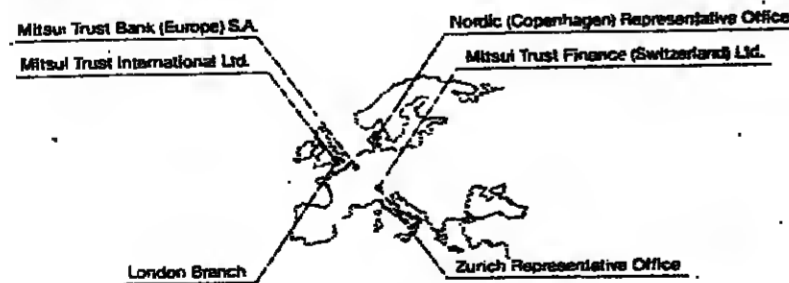


The Asakusa Kannon Temple, Tokyo

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INTL. COMPANIES and FINANCE

Philippines cuts role of state banks

BY CHRIS SHEWELL AND SAMUEL SENOREN IN MANILA

PHILIPPINE National Bank (PNB) and Development Bank of the Philippines (DBP), two of the country's state-owned banks, are to compete directly with private sector banks under a major policy change, the Philippines government confirmed yesterday.

The announcement of the move coincided with the start of talks with the International Monetary Fund on the terms of a new 18-month standby credit agreement to SDR 415m (US\$518.9m). The IMF has long wanted Manila to reduce the budgetary burden of state-owned banks.

The new move will not of itself help the government, which will now take on bad loans worth 54m pesos from PNB and 65m pesos from DBP. But they will give the banks a clear balance sheet, and the government is making arrangements for the disposal of their non-performing assets under a privatisation scheme still to be finalised.

The six other banks to be sold were previously owned by businessmen but then acquired by various government agencies. They include International Corporate Bank (Interbank); Philippines Bank, which is a subsidiary of PNB; Associated Bank; Commercial Bank of Manila (Combank); Union Bank; and Republic Planters Bank.

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Table with columns: Currency, Yield, Change on Week, 12 Months High, 12 Months Low. Rows include US Dollar, Australian Dollar, Canadian Dollar, Euro/Guilder, Euro Currency Unit, Yen, Sterling, Deutschemark.

Record results for Bank of New Zealand

By Dai Hayward in Wellington

THE STATE-OWNED Bank of New Zealand has reported record net profits of NZ\$100.6m (US\$53.65m) for the year to March, a rise of 34 per cent. As sole shareholders are the government received a dividend of NZ\$20m. This was in addition to NZ\$105.6m in tax, up 59 per cent on the previous year.

Malaysia lifts directives on non-performing loans

BY WONG SULONG IN KUALA LUMPUR

BANK NEGARA, the Malaysian central bank, has informed the country's commercial banks that it is unofficially lifting its tough directives on non-performing loans, in a move to ease the financial problems of businessmen who are facing strong pressure to repay their loans.

Group profits up 42% at C Itoh

By Ian Rodger in Tokyo

CONSOLIDATED net profits of C Itoh, the third largest Japanese trading group, rose by 42 per cent to Y18.5bn (\$162m) in the year to March. The group said all divisions participated in the advance, but sales of machinery were particularly strong.

Downturn for Bangkok Bank

By Boonsong K'Thana in Bangkok

BANGKOK BANK, Asean's largest bank in terms of assets, has reported a 30.6 per cent drop in net profits for the first half of 1986 to 600m baht (\$22.75m). Lending increased by 31.8 per cent to 196,650m baht. Deposits rose by 5 per cent to 195,090m baht, but assets fell by 2.2 per cent to 263,200m baht.

PAN-HOLDING SOCIETE ANONYME LUXEMBOURG AMENDMENT
The advertisement dated July 8th, 1986 mentioned by error a dividend of US\$5.00 per share, instead of the right amount of US\$5.60. We readvertise it in the amended version.

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Interest Period 17th July 1986 17th October 1986
Interest Amount per U.S. \$1,000 Note due 17th October 1986 U.S. \$17.25
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Interest Period 17th July 1986 20th January 1987
Interest Amount per U.S. \$10,000 Note due 20th January 1987 U.S. \$344.13
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In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 10 1/4 per cent. per annum and that the interest payable on the relevant interest payment date, 15th October, 1986, against Coupon No. 8 will be £1,231.78 from Notes of £5,000 and £129.18 from Notes of £5,000 nominal.

BANQUE SUDAMERIS
U.S. \$30,000,000 Floating Rate Notes due 1987
For the six month period 15th July, 1986 to 15th January, 1987 the Notes will bear an interest rate of 6 1/2 % per annum. Interest payable on 15th January, 1987.

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on 14th July, 1986 U.S. \$ 139.65
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INTERN. COMPANIES AND FINANCE

Societe Generale Belgique lifts earnings by 40%

BY TIM DICKSON IN BRUSSELS

SOCIETE GENERALE de BELGIQUE, Belgium's biggest and most powerful industrial holding group, yesterday announced consolidated profits of BFR 5,33bn (\$12bn), a 40 per cent increase on the 1984 figure.

Adjusted profits per share, however, were only 21.6 per cent ahead at BFR 233.2, reflecting the recent substantial capital increases by the group. The figures take into account all the companies in which Societe Generale has more than a 20 per cent stake. Its own results—reflecting a similar profits surge to BFR 2,5bn in 1985—were published earlier this year.

The group explained that the impetus for much of the improved group performance came from its interests in non-ferrous metals— which have undergone a substantial re-organisation—chemicals and banking. For the future Societe Generale has identified the financial sector (where it now has a 50 per cent stake in London-based Dillon Read), international trading and telecommunications as having the best growth potential.

Suez buys Chicago commodity trader

By David Marsh in Paris

BANQUE INDOSUEZ, the internationally-operating French bank, has bought a majority stake in GNP Commodities, one of the most important financial traders on the Chicago futures markets.

The move to spread its US futures and options activities is part of the bank's strategy of stepping up its development of new financial products. The bank aims particularly to strengthen links between its US futures operations and its trading on the newly opened Paris financial futures market.

American disposal by Schering

By Leslie Collett in Berlin

SCHERING, the West German pharmaceutical and chemical company, has sold Nepera, its US fine chemicals subsidiary, to the CasChem group in New Jersey for an undisclosed sum.

Schering is also looking for a buyer for its wholly-owned Diamond subsidiary in Munich, which is part of the fine chemicals division. Discussions with several interested parties are said to be in progress.

Euromobiliare seeks bank status

BY ALAN FRIEDMAN IN MILAN

EUROMOBILIARE, the Milan-based investment bank and securities house which is controlled by Mr Carlo De Benedetti, is to ask the Bank of Italy for permission to become a recognised and fully fledged bank.

Euromobiliare, in which Britain's Samuel Montagu holds a 5 per cent equity stake, at present has no formal standing as a bank.

Euromobiliare has a staff of 97, of whom 40 are involved in corporate and stock market activities. In the last financial year to June 1985 it had a net profit of 1.9.1bn. Profit for the half year to last December was 1.4.5bn.

Wessanen proposes US takeover

By Laura Raim in Amsterdam

WESSANEN, the Dutch food and consumer products group, plans a cash purchase of John E. Cain of Massachusetts, in an attempt to strengthen further its US operations.

Saga plans link-up deals

BY FAY GJESTER IN OSLO

SAGA PETROLEUM, the Norwegian oil independent, is studying various alternative solutions to its severe liquidity problems, following the failure on Tuesday of merger talks with Elf Aquitaine Norge, Norwegian subsidiary of the French petroleum and industrial group.

describes as "far more interesting" co-operation proposals it claims to have received. One suggestion is that Saga should host a convertible loan bond, to be taken up by the state, with repayment either in cash or in Saga shares, at par, within about seven years.

DnC acquires estate agent

DEN NOROSKE Creditbank, Norway's largest commercial bank, has extended its interest in the country's booming property sector by acquiring Hamark & Rygh, one of the largest Norwegian real estate agents, for an undisclosed sum.

The firm will continue to operate as an independent unit, led by its former managing director and 80 per cent owner, Mr Erik Hamark. Last year it handled property deals worth about Nkr 850m (€23m) and showed a profit of Nkr 1m.

N. AMERICAN QUARTERLIES

Table with columns for AVON PRODUCTS, CINCINNATI BELLACROS, CHRYSLER/PLYMOUTH-POMEROL, and BENTLEY. Rows include Revenue, Net profit, and Op. per share for 1985 and 1986.

Table with columns for FEDERAL EXPRESS, LIN LOGIC, and CROWN CORP. Rows include Revenue, Net profit, and Op. per share for 1985 and 1986.

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Incorporated under the laws of Canada. U.S. \$250,000,000

Floating Rate Debentures, Series 10, due 1998

- MORGAN GUARANTY LTD, BANK OF MONTREAL, BANK OF TOKYO INTERNATIONAL LIMITED, BANK OF YOKOHAMA (EUROPE) S.A., BANQUE BRUXELLES LAMBERT S.A., BANQUE PARIBAS CAPITAL MARKETS LIMITED, CHASE MANHATTAN LIMITED, COMMERCIALE BANK AKTIENGESELLSCHAFT, CREDIT LYONNAIS, COUNTY NATWEST CAPITAL MARKETS, DAI-ICHI KANGYO INTERNATIONAL LIMITED, CREDIT SUISSE FIRST BOSTON LIMITED, FUJI INTERNATIONAL FINANCE LIMITED, EBC AMRO BANK LIMITED, GOLDMAN SACHS INTERNATIONAL CORP., GENERALE BANK, MERRILL LYNCH CAPITAL MARKETS, LLOYDS MERCHANT BANK LIMITED, MITSUBISHI FINANCE INTERNATIONAL LIMITED, SAMUEL MONTAGU & CO. LIMITED, SALOMON BROTHERS INTERNATIONAL LIMITED, SANWA INTERNATIONAL LIMITED, SHEARSON LEHMAN BROTHERS INTERNATIONAL, SUMITOMO FINANCE INTERNATIONAL, UNION BANK OF SWITZERLAND (SECURITIES) LIMITED, S.G. WARBURG SECURITIES, WOOD GUNDY INC., YASUDA TRUST EUROPE LIMITED

Application has been made to the Council of The Stock Exchange for the Debentures to be admitted to the Official List. Interest on the Debentures will be payable semi-annually in January and July, the first such payment being due in January 1987.

Listing Particulars relating to Bank of Montreal and the Debentures are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including 21st July, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 31st July, 1986 from:-

- Bank of Montreal, 9 Queen Victoria Street, London EC4N 4XN; Morgan Guaranty Ltd, 30 Throgmorton Street, London EC2N 2HT; Home Govett Ltd, Heron House, 319-325 High Holborn, London WC1V 7TB

17th July, 1986

These Notes having been sold, this announcement appears as a matter of record only.

TD Mortgage Corporation

(Organised under the laws of Canada)

Cdn \$75,000,000

10% Guaranteed Notes due July 16, 1991 Unconditionally guaranteed as to payment of principal and interest by

TD THE TORONTO-DOMINION BANK (a Canadian chartered bank)

- Toronto Dominion International Limited, Morgan Stanley International, Wood Gundy Inc., Banque Bruxelles Lambert S.A., Banque Générale du Luxembourg S.A., Banque Internationale à Luxembourg S.A., Banque Paribas Capital Markets Limited, Credit Suisse First Boston Limited, Daiwa Europe Limited, Deutsche Bank Capital Markets Limited, Dominion Securities Pitfield Limited, EBC Amro Bank Limited, First Interstate Capital Markets Limited, Generale Bank, Genossenschaftliche Zentralbank AG-Vienna, Goldman Sachs International Corp., Kredietbank International Group, McLeod Young Weir International Limited, Merrill Lynch Capital Markets, Morgan Grenfell & Co. Limited, Morgan Guaranty Ltd, The Nikko Securities Co., (Europe) Ltd., Nomura International Limited, Orion Royal Bank Limited, Salomon Brothers International Limited, Shearson Lehman Brothers International, Société Générale, Swiss Bank Corporation International Limited, Union Bank of Switzerland (Securities) Limited, S.G. Warburg & Co. Ltd., Yamaichi International (Europe) Limited

16th July, 1986



Consolidated Highlights at March 31, 1986 (Dollars in millions *)

Table with 2 columns: Item, Value. Rows include Total assets (17,544), Assets under management (14,067), Net income (397), Shareholders' equity (1,847), Allowances for losses (428).

* Values expressed in US dollars adopting the lira-dollar exchange rate of end March 1986 (Italian lira 1,580.75/US \$ 1.00).

The Meeting of the Shareholders of Istituto Mobiliare Italiano (IMI), held in Rome on July 9, 1986, approved a transfer of reserves to equity for an amount of 400 billion Lire. As a result of the Shareholders' decisions and of the July 1st capital increase, the equity structure of IMI and of the IMI Group can be summarized as follows:

Table with 2 columns: Item, Value. Rows include Capital (1,044), Statutory and other reserves (932), Shareholders' equity (1,976), Allowances for losses (428), Total (2,404).

ISTITUTO MOBILIARE ITALIANO Public Law Credit Institute Head Office in Rome

HAND DELIVERY SERVICE, AMSTERDAM/DELFT/EINDHOVEN, GRONINGEN/THE HAGUE/HAAARLEM/HEEMSTED/LEIDEN/LEIDERDORP/OEGSTGEEST/RUSWIJK/ROTTERDAM/UTRECHT/WASSENAAR, THE NETHERLANDS. Your subscription copy of the FINANCIAL TIMES can be hand-delivered to your office in the centre of any of the cities listed above. For details contact: Richard Willis, Tel: 020 239430, Telex: 16527.

INTL. COMPANIES & FINANCE

This announcement appears as a matter of record only. These Securities have not been registered under the United States Securities Act of 1933 and may not, as part of the distribution, be offered, sold or delivered, directly or indirectly, in the United States or to United States persons.

New Issue/July, 1986

U.S. \$100,000,000

Hill Samuel Group Plc

Floating Rate Notes Due 2016

Table listing financial institutions: Salomon Brothers International Limited, Hill Samuel & Co. Limited, Banque Bruxelles Lambert S.A., Banque Nationale de Paris, Baring Brothers & Co., Limited, Commerzbank Aktiengesellschaft, Credit Suisse First Boston Limited, Dai-ichi Kangyo International Limited, Deutsche Bank Capital Markets Limited, Girozentrale und Bank der oesterreichischen Sparbanken Aktiengesellschaft, Goldman Sachs International Corp., IBJ International Limited, Kredietbank International Group, Lloyds Merchant Bank Limited, LTCB International Limited, Merrill Lynch Capital Markets, Mitsubishi Finance International Limited, Morgan Guaranty Ltd, Morgan Stanley International, The Nikko Securities Co., (Europe) Ltd., Sumitomo Finance International, Union Bank of Switzerland (Securities) Limited, Yamaichi International (Europe) Limited.

Mercedes Eurobond better met than NIB's

By Alexander Nicol THE EUROBOND market's fickle nature shewed through yesterday in contrasting reactions for straight dollar Eurobonds issued respectively by Mercedes Benz Credit Corporation and Nordic Investment Bank (NIB). The \$100m deals each had identical terms, with a seven-year life and 7 1/2 per cent coupon, except that NIB's was priced at 100 1/2 compared with 99 1/2 for Mercedes. The price differential might have appeared reasonable given that NIB is triple A rated, while the Mercedes deal, neither rated nor guaranteed, either by the parent, Mercedes Benz of North America, or by the ultimate owner, Daimler-Benz of West Germany.

The Mercedes unit, making its venture into the Eurobond market, was well received as an attractive, prestigious brand-name and traded at discounts to issue price. According to lead manager Deutsche Bank Capital Markets, NIB's issue, brought at 51 basis points over US Treasuries, was deemed tight and was quoted by the lead manager, Salomon Brothers International, with a bid price of 21 points below the issue price as against total fees of 1 1/2. Wells Fargo, the US West Coast bank, issued \$200m of 12-year floating-rate notes which went to \$2.1bn from \$2.1bn following heavy oversubscription at lead-manager level, Goldman Sachs said as arranger yesterday.

The Danish bond, priced at 101 1/2, would pay coupon of 10 per cent and be redeemed at maturity at par if the dollar/yen rate were to remain constant at Y163. Interest payments and redemption amount, however, will be calculated according to formulae under which the investor gets more if the dollar appreciates and less if it weakens further. In the D-mark market, the Inter-American Development Bank made a DM 300m 10-year issue led by Deutsche Bank with a 6 1/2 per cent coupon and price of 99 1/2. Though the issue came late in the day, initial indications had the deal traded well within its fees.

A mixed reception was accorded to a DM 100m 10-year, 6 1/2 per cent issue for Brewer Landesbank, including warrants which holders could exercise at par into identical bonds if an interest rate fall made this attractive. The package, led by the German subsidiary of Union Bank of Switzerland, is priced at 102 1/2 and bids ranged both inside and outside the issue.

A pure warrant deal was launched for WestLB Finance, convertible into up to 250,000 6 1/2 per cent bonds due 1995, structured by parent Westdeutsche Landesbank. The issue was quoted by lead manager CSFB-Effektbank at DM 93 to DM 97.

Planned reforms sharpen IASC regulatory teeth

THE International Association of Securities Commissions, a grouping of stock exchange regulatory bodies mainly from North and South America, has always had the reputation of being a rather sleepy organisation whose annual get-togethers gave the opportunity for jawboning rather than jaw-biting. That now looks likely to change. As a result of booming business and the increasing interconnectivity between international securities markets, the need for closer co-operation between different countries' regulatory authorities has never been greater.

The IASC will set up a permanent secretariat headquartered in Quebec and will also establish a series of regional committees to keep an eye on securities market developments in Europe, adding to the American committee which exists already. Finally, the meeting — attended by delegates from 20 member countries as well as from 25 observer nations — agreed to liberalise its statutes to allow more European countries to join.

The IASC has traditionally been dominated by the US Securities and Exchange Commission (SEC) since it was set up in 1970s. The organisation has admitted non-American members only since 1983. They now total eight — Australia, South Korea, France, Hong Kong, Indonesia, Nigeria, Tunisia and the UK. Relaxing the rules on allowing in countries which had previously held only observer status should, according to conference officials, bring in Spain, Portugal, Italy and New Zealand fairly quickly, with Belgium, the Netherlands and Luxembourg also interested in joining. However, neither Switzerland nor West Germany look likely candidates.

The impetus for increasing the muscle of the IASC appears to have come above all from the SEC. Confronted with the task of building up an effective mechanism for exchanging information among regulatory agencies, especially to deal with insider trading and fraud, the SEC has become a great deal more international in its outlook over the past few years.

Mr John Shad, the SEC chairman, yesterday launched a strong plea for more bilateral and multilateral co-operation to combat abusers of securities markets, whom he labelled plainly as "criminals". It is in the interest of all nations to expose and prosecute the fringe element who would lie, cheat and steal from legitimate investors. All of us bear the cost of such abuse," he said. "In addition to multi-million dollar frauds, it results in less efficient markets, higher insurance and other costs, and most important the inhibition of individual and institutional investors."

This week's Paris session represents the first time the IASC has held an annual meeting outside the American continent. Mr Yves Le Fort, the chairman of the Commission des Opérations de Bourse (COB), France's stock exchange regulatory body, who is presiding over the meeting, played an important part in steering the IASC towards a more effective role.

Rolls-Royce facility increased

THE LOAN facility being assembled by Rolls-Royce as part of its bid to supply engines to British Airways has been increased to \$2.1bn from \$2.1bn following heavy oversubscription at lead-manager level, Goldman Sachs said as arranger yesterday.

Goldman declined to give terms of the 15-year facility. It forms part of Rolls' bid to win an order to supply engines for 16 new Boeing 747 aircraft which British Airways is buying. Syndication of the facility will only proceed if Rolls' bid is accepted.

Market expectations are that the Rolls financing carries an initial facility of some 200 basis points which would increase as time goes by. This is a generous fee structure in comparison with other market levels and may well explain the enthusiasm of banks.

Other underwriters are Barclays, Chase Manhattan, Chemical Bank, First Chicago, Midland, Mitsubishi Trust and Banking, Standard Chartered and Toronto Dominion.

The generous terms reflect both the maturity of the deal and its size, which has obliged underwriters to make large initial commitments. Another complicating factor is that the deal will be secured against the aircraft themselves. Since delivery will not start until 1989 banks are taking a risk in setting pricing of the facility now.

Levels and may well explain the enthusiasm of banks. Other underwriters are Barclays, Chase Manhattan, Chemical Bank, First Chicago, Midland, Mitsubishi Trust and Banking, Standard Chartered and Toronto Dominion.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on July 16

Table of international bonds with columns for Issuer, Issue, Maturity, Coupon, Price, Yield, and Change. Includes entries like US Dollar, Swiss Franc, and various international government and corporate bonds.

Table of floating rate bonds with columns for Issuer, Issue, Maturity, Coupon, Price, Yield, and Change. Includes entries like US Dollar, Swiss Franc, and various international floating rate bonds.

Table of convertible bonds with columns for Issuer, Issue, Maturity, Coupon, Price, Yield, and Change. Includes entries like US Dollar, Swiss Franc, and various international convertible bonds.

Table of yen straight bonds with columns for Issuer, Issue, Maturity, Coupon, Price, Yield, and Change. Includes entries like Yen Straight, US Dollar, and various international yen straight bonds.

ASSOCIATES CORPORATION OF NORTH AMERICA

Financial Highlights for the Six Months Ended April 30, 1986

Table of financial highlights comparing 1986 and 1985 performance across categories like Income Before Provision for Income Taxes, Stockholders' Equity, and Allowance for Losses on Finance Receivables.

Consolidated Balance Sheet

Table of consolidated balance sheet comparing April 30, 1986 and 1985 assets and liabilities.

Board of Directors

- List of board members including John M. Bell, Chairman of the Board; De W. Maddox, Retired Chairman and Chief Executive Officer; and other directors and officers.

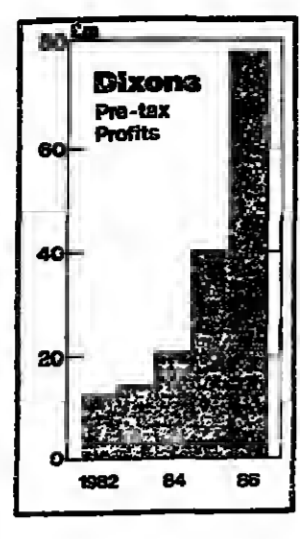
Automated bond trading by 1987

By Our Euromarkets Correspondent AN AUTOMATED price display and trading system now under study for the Eurobond market could be in operation in London and Switzerland as early as the end of next year, the Association of International Bond Dealers (AIBD) announced. The system, being designed in co-operation with the US National Association of Securities Dealers (NASD), would enable the Eurobond market, which turned over \$2,200bn last year, to become the first fixed-income market to provide comprehensive dissemination and computer screen display of market data, including current quotations. Mr John Walters, AIBD Secretary-General, said in Washington that outline proposals for the system were being made public following the conclusion of an initial technical study carried out with NASD. An exhaustive study, approved by the AIBD annual meeting in Singapore last May, is due to be presented to its board in October and, subject to endorsement by the board, would be presented to the full AIBD membership later this year.

UK COMPANY NEWS

Undaunted Dixons turns in £78m

FOR THE second year in succession profits have almost doubled at Dixons, the electrical retailing group which earlier this month failed in a £1.8bn bid for the Woolworth high street retailing chain.



Mr Stanley Kaim, chairman of Dixons

£833. Overall sales rose 26 per cent to £345.8m. "Outstanding growth was achieved in portable video (up 300 per cent), hi-fi (up 70 per cent), home computers (up 76 per cent) and microwave ovens (up 41 per cent)," said Mr Kaim.

The pre-tax result for the year ended April 26 1986 showed a 67 per cent rise to £78.1m, the company forecast when it made its increased offer last month. The figure included a £30.7m full year contribution from Currys, which was taken over by Dixons at the end of 1984.

The figures announced yesterday also confirmed the cost of the failed Woolworth bid at £12.5m, which has been taken in as an extraordinary charge. Mr Stanley Kaim, the chairman, said yesterday that "the failure to acquire Woolworths was largely the result of a shift in City sentiment against large takeovers."

With group earnings per share up from 5.2p to 14.1p, the dividend for the year is doubled to 3p with a final of 2.425p (10p adjusted for scrip issue). This will account for £11m (£5.5m), leaving a retained profit for the year of £27.2m (£18.6m).

Debt relating to the Currys buy was cut during the year, with gearing down from 81 per cent to 15 per cent. Capital reserves increased to £172m. See Lex

Harris outlines GUS deal potential

Harris Queensway, the carpets and furniture retailer, and Great Universal Stores (GUS) the mail order and department store group, would together be well placed to carry out major acquisitions in the retailing sector, Sir Philip Harris, Harris's chairman, said yesterday.

Higgs and Hill in £32m bid for Southend Estates

Higgs and Hill, the international construction and property group, is making an agreed bid worth up to £32.4m for Southend Estates Group, an unlisted property development company.

Immediately following the acquisition, over 50 per cent of Higgs's profits will come from property development. Mr Mick Danson, deputy chairman of Southend, said: "We are convinced it is an extremely good move for Southend."

There is also a partial cash alternative worth £61.94 per share, comprising £29.25 of the Higgs shares and £32.69 in cash. The offer is conditional upon Higgs receiving a valuation of at least £19m on four land bank sites owned by Southend, excluding tax liabilities.

Bestwood bids £17m for Barrie

Bestwood, the investment group, is making an offer worth £17m for fellow financial services, property and engineering concern, Barrie Investments & Finance, in which Bestwood has built up a 29.96 per cent stake.

Regalian to profit on police deal

Regalian Properties is paying £7m for 72 former police accommodation flats in the City of Westminster which could be worth double that figure once £3m of refurbishment work has been completed.

The company also announced yesterday that it has entered into an agreement with Arlington Securities to buy the apartment mixed leisure and residential development at Port Solent, Portsmouth, at a cost of around £2m.

The company also announced yesterday that it has entered into an agreement with Arlington Securities to buy the apartment mixed leisure and residential development at Port Solent, Portsmouth, at a cost of around £2m.

U.S. \$100,000,000 The Sumitomo Trust Finance (H.K.) Limited (Incorporated in Hong Kong) 12 1/2% Guaranteed Notes Due 1992

CALEDONIA INVESTMENTS PLC The following is the statement of Lord Cayzer, Chairman, made at the Annual General Meeting held on 16th July, 1986.

Granville & Co. Limited Member of The National Association of Security Dealers and Investment Managers 8 Lovat Lane London EC3R 8SP Telephone 01-421 1212

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West End Salary c£45,000 + benefits

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... will be financially orientated, familiar with project planning and control techniques, capable of working in harmony with senior colleagues and will have demonstrated a sound commercial approach in a comparable or relevant environment.

Interested candidates should send a detailed CV to Don Day FCA, quoting reference LM50, at Spicer and Pegler Associates, Friary Court, 65 Crutched Friars, London EC3N 2NR.

Spicer and Pegler Associates
Management Services

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Please reply in confidence with a comprehensive curriculum vitae including details of current remuneration and a daytime telephone number to D.E. Shribman.

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DIRECTOR OF PERSONAL BANKING

National Girobank seeks to appoint an experienced and successful marketing specialist to this crucial senior management position.

The Director of Personal Banking reports to the Managing Director. He or she will lead the development of financial products and services for the private customers of the Bank and, working through its regional network, oversee their introduction and implementation.

Candidates will be between 35 and 40. They should have:

- A record of achievement in consumer marketing
- Experience of marketing financial services and/or banking products
- The ability to work successfully with and through others

The importance of the position will be reflected in a fully competitive level of remuneration.

Applications, together with a curriculum vitae, should be sent to Malcolm Williamson, Managing Director, National Girobank, 40 Milk Street, London EC2V 9JH.

NATIONAL Girobank

Fund Managers

c £22,000 : Plus Substantial Benefits

Our client is a major London-based insurance group with a successful record of growth in unit trusts and financial services.

It now wishes to strengthen its investment team by the addition of two portfolio managers. One will take responsibility for the fixed interest portfolios, and the other for selected UK equity portfolios. The successful candidates will be graduates in their mid-twenties and will have had at least two years successful research and management experience in a similar organisation.

These are excellent opportunities for talented and ambitious people to advance their careers. The remuneration package will be attractive, and will include subsidised mortgage arrangements.

Please send full cv - in confidence - stating current salary to D. Austin ref. B.7005.

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HAY-MSL
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UK incorporated financial institution (LTD) located in the West End is seeking to appoint the following key personnel:

—Assistant General Manager: skilled banker with at least 10 years experience in trade finance. Age 40 to 45. Salary about £35K-£40K.

—Manager, Marketing and Business Development: 5-10 years' experience in banking required with wide knowledge in Europe, Middle East and African markets. Age 30 to 35. Salary about £25K-£30K.

Candidates should have wide experience in international banking operations and should be prepared to accept challenging assignment in a young and dynamic institution. Remuneration is negotiable and is in the ranges mentioned above with the usual other banking benefits.

Please write in confidence, giving full career details, to—

Box A0207, Financial Times
10 Cannon Street, London EC4P 4BY

Deputy Secretary

c. £17,000-£20,000, plus car.

This appointment based at our client's West Midlands headquarters, provides an ideal opportunity for a young (25-30) Solicitor looking for a career in commerce. The post offers the successful candidate a wide range of company secretarial and legal responsibilities. Our client is an international Group listed on the London Stock Exchange with interests in over 30 countries.

Your responsibilities will encompass the complete secretarial function including compliance with company legislation and Stock Exchange regulations, the administration of various share option schemes, the preparation of interim announcements and Annual Reports and dealings with City institutions on a varied range of topics. In addition you will be responsible for liaison with UK and overseas legal advisers across a broad spectrum of commercial law matters.

You will be capable of working to the stringent professional standards required for this post.

The salary package is dependent upon experience and includes a car and Private Medical Insurance. Relocation assistance will be given if required.

Please telephone Barrie Witt on 021-455 6255 (office hours) or 06845 66477 (evenings) or write to him with full CV quoting ref. LS267 at Austin Knight Selection, Tricorn House, 51-53 Hagley Road, Birmingham B16 8TP.

Austin Knight Selection

Fixed Interest Portfolio

PostTel Investment Management Limited, investment managers for the British Telecom and the Post Office Superannuation Schemes, are looking for a competent professional to join the small gilt-edged and fixed-interest team.

The successful candidate would undertake the analysis of fixed-interest markets, deal in such securities and monitor the performance of the Funds managed. Applicants should be graduates with a high level of numeracy. Familiarity with the techniques of fixed-interest analysis and a minimum of two years' relevant experience is essential.

Please write with full career details to:

Clive Gilchrist, Investment Manager, PostTel Investment Management Limited,
Equitable House, 48 King William Street, London EC4R 9DD

PostTel
Investment Management Ltd

International Appointments

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Interested candidates should write with full career and salary details to:

The Advertiser,
P.O.Box 2217 Safat,
13023 Safat - Kuwait.

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Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a personal history form to P.A. Adderley, Hoggett Bowers plc, 7 Lisbon Square, LEEDS, LS1 4LZ, 0532 448661, quoting Ref:11711/FT.

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Our client is a rapidly growing building contracting company based near Peterborough. Recent and projected expansion has created the need for a Finance Director to take full responsibility for all financial and administrative matters.

The Finance Director will report to the Managing Director and be a vital part of the small senior management team. The successful candidate will be a qualified accountant and construction industry experience is seen as essential. The ability to handle financial matters at the highest level is vital and a working knowledge of computers would be desirable.

The remuneration package will include a salary of about £20,000, profit share and a fully expensed car. Relocation expenses will be considered.

Replies in confidence enclosing curriculum vitae to the Managing Director

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a member of the Tanstead Professional Group

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Telephone: 01-283 7842

LONDON RECENT ISSUES

Table of recent issues for equities, listing company names, prices, and changes.

Table of recent issues for fixed interest stocks, listing bond details and yields.

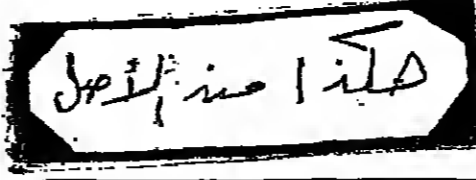
Table of recent issues for 'RIGHTS' offers, listing offer details and prices.

FT CROSSWORD PUZZLE No. 6075

Crossword puzzle grid with clues for 'ACROSS' and 'DOWN'.

- List of crossword clues: 1 Villains finding temporary shelter in a ship (6), 4 Stop by a substantial building (6), etc.

Solution to the crossword puzzle, showing the filled-in grid.



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Main table listing authorized unit trusts, including names, managers, and performance data.

AUTHORISED UNIT TRUSTS & INSURANCES

Table listing various unit trusts and insurance companies, including Widelity Unit Trust Managers Ltd, Widelity Asset Management Ltd, and Western Unit Trust Managers Ltd.

Table listing unit trusts under the heading 'Eagle Star Insurance/Midland Assur.', including Eagle Star Insurance, Eagle Star Life Assurance, and Eagle Star Investment.

Table listing unit trusts under the heading 'London & Manchester Group', including London & Manchester Life Assurance, London & Manchester Investment, and London & Manchester Property.

Table listing unit trusts under the heading 'National Mutual of Australia', including National Mutual Life Assurance, National Mutual Investment, and National Mutual Property.

Table listing unit trusts under the heading 'Saver & Prosper Group', including Saver & Prosper Life Assurance, Saver & Prosper Investment, and Saver & Prosper Property.

Table listing unit trusts under the heading 'Whitbread Unit Trust Managers Ltd', including Whitbread Life Assurance, Whitbread Investment, and Whitbread Property.

Table listing unit trusts under the heading 'City of Edinburgh Life Assurance', including City of Edinburgh Life Assurance, City of Edinburgh Investment, and City of Edinburgh Property.

Table listing unit trusts under the heading 'M & G Group', including M & G Life Assurance, M & G Investment, and M & G Property.

Table listing unit trusts under the heading 'Prudential Life Assurance Co Ltd', including Prudential Life Assurance, Prudential Investment, and Prudential Property.

Table listing unit trusts under the heading 'Scottish Equitable Life Assurance Co Ltd', including Scottish Equitable Life Assurance, Scottish Equitable Investment, and Scottish Equitable Property.

Table listing unit trusts under the heading 'Windsor Trust Managers Ltd', including Windsor Life Assurance, Windsor Investment, and Windsor Property.

Table listing unit trusts under the heading 'City of Westminster Assurance', including City of Westminster Assurance, City of Westminster Investment, and City of Westminster Property.

Table listing unit trusts under the heading 'Merrich Union Asset Management Ltd', including Merrich Union Asset Management, Merrich Union Investment, and Merrich Union Property.

Table listing unit trusts under the heading 'Prudential Assurance Co Ltd', including Prudential Assurance, Prudential Investment, and Prudential Property.

Table listing unit trusts under the heading 'Scottish Equitable Life Assurance Co Ltd', including Scottish Equitable Life Assurance, Scottish Equitable Investment, and Scottish Equitable Property.

Table listing unit trusts under the heading 'Wright Seligman Fund Managers Ltd', including Wright Seligman Fund Managers, Wright Seligman Investment, and Wright Seligman Property.

Table listing unit trusts under the heading 'The Yorkshire General Trust', including Yorkshire General Trust, Yorkshire Investment, and Yorkshire Property.

Table listing unit trusts under the heading 'Merrich Union Life Assurance Sec.', including Merrich Union Life Assurance, Merrich Union Investment, and Merrich Union Property.

Table listing unit trusts under the heading 'Prudential Assurance Co Ltd', including Prudential Assurance, Prudential Investment, and Prudential Property.

Table listing unit trusts under the heading 'Scottish Equitable Life Assurance Co Ltd', including Scottish Equitable Life Assurance, Scottish Equitable Investment, and Scottish Equitable Property.

Table listing unit trusts under the heading 'Black Horse Life Ass. Co Ltd', including Black Horse Life Assurance, Black Horse Investment, and Black Horse Property.

Table listing unit trusts under the heading 'British National Life Assurance Co Ltd', including British National Life Assurance, British National Investment, and British National Property.

Table listing unit trusts under the heading 'Merrich Union Life Assurance Ltd', including Merrich Union Life Assurance, Merrich Union Investment, and Merrich Union Property.

Table listing unit trusts under the heading 'Prudential Assurance Co Ltd', including Prudential Assurance, Prudential Investment, and Prudential Property.

Table listing unit trusts under the heading 'Scottish Equitable Life Assurance Co Ltd', including Scottish Equitable Life Assurance, Scottish Equitable Investment, and Scottish Equitable Property.

Table listing unit trusts under the heading 'Canal Life Group', including Canal Life Assurance, Canal Investment, and Canal Property.

Table listing unit trusts under the heading 'Liberty Life Assurance Co Ltd', including Liberty Life Assurance, Liberty Investment, and Liberty Property.

Table listing unit trusts under the heading 'Merrich Union Life Assurance Ltd', including Merrich Union Life Assurance, Merrich Union Investment, and Merrich Union Property.

Table listing unit trusts under the heading 'Prudential Assurance Co Ltd', including Prudential Assurance, Prudential Investment, and Prudential Property.

Table listing unit trusts under the heading 'Scottish Equitable Life Assurance Co Ltd', including Scottish Equitable Life Assurance, Scottish Equitable Investment, and Scottish Equitable Property.

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INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas funds with columns for fund name, manager, and performance metrics.

Table listing insurance and overseas funds, including details on fund names and managers.

Table listing insurance and overseas funds, providing further details on fund names and managers.

Table listing insurance and overseas funds, including performance data and fund names.

Table listing insurance and overseas funds, detailing fund names and managers.

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Table listing insurance and overseas funds, providing fund names and managers.

Table listing insurance and overseas funds, including fund names and managers.

Money Market Trust Funds

Table listing Money Market Trust Funds with columns for fund name and performance.

Money Market Bank Accounts

Table listing Money Market Bank Accounts with columns for bank name and account details.

TRADITIONAL OPTIONS

Table listing Traditional Options with columns for option name and details.

3-month call rates

Table listing 3-month call rates with columns for rate and bank name.

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar touches new lows

The dollar continued to weaken yesterday on further signs of sluggish US economic growth. The scene was set overnight when Mr Henry Kaufman, chief economist at Salomon Brothers, suggested the dollar was likely to fall to Y130 and DM 2.00.

£ IN NEW YORK

Table with columns: July 16, Latest, Prev. close. Rows include US dollar, Swiss franc, West German mark, Japanese yen, etc.

had fallen sharply overnight, on the forecasts in Salomon Brothers quarterly report. The Bundesbank did not intervene when the dollar was fixed at DM 2.1825 in Frankfurt, compared with DM 2.1510.

FINANCIAL FUTURES

Better tone

Sterling based instruments were firmer in the London International Financial Futures Exchange yesterday. Sentiment was helped by a recovery by sterling and a weaker dollar.

much of the morning. Trading was very steady until Chicago opened after which values drifted to 93.81 before closing at 93.62, unchanged from Tuesday.

The dollar fell to the lowest level since April 1981, at DM 2.1490 from DM 2.1600; to the lowest since November 1980 at SFr 1.7420 from SFr 1.7600.

The D-Mark improved against the dollar, but failed to establish itself below DM 2.15, after a fairly nervous day. The US currency closed at DM 2.1470 from DM 2.1490.

sterling was supported by the fact that the Japanese authorities were reluctant to encourage criticism from the US, after last week's discount rate cut by the Federal Reserve.

POUND SPOT - FORWARD AGAINST POUND

Table with columns: Day's spread, Close, One month, % Three months, % Six months. Rows include US, Canada, Netherlands, etc.

CURRENCY MOVEMENTS

Table with columns: July 16, Bank of England, Morgan Stanley, etc. Rows include Sterling, US dollar, etc.

DOLLAR SPOT - FORWARD AGAINST DOLLAR

Table with columns: Day's spread, Close, One month, % Three months, % Six months. Rows include UK, Canada, Netherlands, etc.

CURRENCY RATES

Table with columns: Bank, Special Drawing Rights, European Currency Unit. Rows include Sterling, US dollar, etc.

EXCHANGE CROSS RATES

Table with columns: July 16, £, S, DM, YEN, F Fr., S Fr., H Fl., Lira, G \$, B Fr. Rows include UK, Canada, etc.

OTHER CURRENCIES

Table with columns: July 16, £, S, DM, YEN, F Fr., S Fr., H Fl., Lira, G \$, B Fr. Rows include Argentina, Brazil, etc.

EURO CURRENCY INTEREST RATES

Table with columns: July 16, Short term, 7 Days notice, 1 Month, Three Months, Six Months, One Year. Rows include Sterling, US dollar, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Unit, July 16, % change against unit July 16, % change against unit July 16, % change against unit July 16. Rows include Belgium franc, Danish krone, etc.

NEW YORK RATES

Table with columns: Prime rate, Fed funds rate, Treasury bills, etc. Rows include Prime rate, Fed funds rate, etc.

FT LONDON INTERBANK FIXING

Table with columns: (11.00 a.m. July 16), Three months US dollars, Six months US dollars, Bid 6 1/2, Offer 6 1/2. Rows include Three months US dollars, Six months US dollars, etc.

MONEY MARKETS

Interest rates showed little overall change in the London money market yesterday. Sterling was slightly firmer overall but the market appeared to lack any overall incentive.

LONDON MONEY RATES

Table with columns: July 16, Over night, 7 days notice, 1 Month, Three Months, Six Months, One Year. Rows include Interbank, Treasury bills, etc.

MONEY RATES

Table with columns: July 16, Over-ntg, One Month, Two Months, Three Months, Six Months, Lombard in/fin. Rows include Frankfurt, Paris, Amsterdam, etc.

CHICAGO

Table with columns: US Treasury Bonds (CBT), % \$100,000 of face of 100%. Rows include Sept, Oct, Nov, Dec, etc.

STERLING INDEX

Table with columns: July 16, Previous, 8.30 am, 9.00 am, 10.00 am, 11.00 am, Noon, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm. Rows include 8.30 am, 9.00 am, etc.

LONDON

Table with columns: 20-Year 12% Notional Gilt, % \$100,000 of face of 100%. Rows include Sept, Oct, Nov, Dec, etc.

10% NOTIONAL SHORT GILT

Table with columns: Sept, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun. Rows include Sept, Oct, Nov, Dec, etc.

CURRENCY FUTURES

Table with columns: POUND - £ FOREIGN EXCHANGE, % \$100,000 of face of 100%. Rows include Sept, Oct, Nov, Dec, etc.

STERLING INDEX

Table with columns: July 16, Previous, 8.30 am, 9.00 am, 10.00 am, 11.00 am, Noon, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm. Rows include 8.30 am, 9.00 am, etc.

THREE-MONTH STERLING

Table with columns: % \$100,000 of face of 100%. Rows include Sept, Oct, Nov, Dec, etc.

THREE-MONTH EURO-DOLLAR

Table with columns: % \$100,000 of face of 100%. Rows include Sept, Oct, Nov, Dec, etc.

10% NOTIONAL SHORT GILT

Table with columns: Sept, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun. Rows include Sept, Oct, Nov, Dec, etc.

ADVERTISMENT RATES

Table with columns: Per line (min. 3 lines), Single column, Double column. Rows include Commercial & Industrial, Residential Property, etc.

CLASSIFIED

Table with columns: Premium positions available, All prices exclude VAT. Rows include Premium positions available, All prices exclude VAT, etc.

NEW FROM TELERATE

All you need to know about Eurobonds. Composite Pages, Automatic Yield Calculations, US Treasury Bond Prices & Yields, AIBD Closing Prices.

BMW DIRECT

From England's Oldest and Largest Independent BMW Importers. Exciting new models now available. BMW 325i Sport at only £12,355 also our new BMW M3 AMG and excellent prices on the best discounts in England contact.

DAB INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa) Registration No. 85054/0006. CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 29 NOVEMBER 1985 (DATE OF INCORPORATION) TO 30 JUNE 1986.

Table with columns: Consolidated Income Statement (unaudited), Consolidated Balance Sheet (unaudited). Rows include Income from investments, Interest received, Sundry revenue, etc.

NOTES

1. The net asset value has been calculated after deducting the final dividend. 2. Pursuant to the restructuring of Free State Development and Investment Corporation Limited (Freedies) the company acquired Freedies entire share portfolio at 31 December 1985 which acquisition was funded by a rights offer of 907 500 shares at R10.00 each.

DIVIDEND NO. 1

A dividend of 50 cents per share has been declared for the period ended 30 June 1986. Last date for registration: 8 August 1986. Registers close (dates inclusive) from: 9 August 1986 to: 25 August 1986.

Head Office and Registered Office

Consolidated Building, Corner Fox and Harrison Streets, JOHANNESBURG 2001. Postal address: PO Box 590, JOHANNESBURG 2000. 16 July 1986

BRITISH FUNDS

Table of British Funds with columns for High/Low, Stock, Price, Div, and Yld. Includes sections for 'Shorts' (Lives up to Five Years), 'Five to Fifteen Years', and 'Over Fifteen Years'.

AMERICANS - Cont.

Table of American Stocks with columns for High/Low, Stock, Price, Div, and Yld. Includes sections for 'CANADIANS' and 'BANKS, HP & LEASING'.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS - Cont.

Table of Building, Timber, and Roads stocks with columns for High/Low, Stock, Price, Div, and Yld.

DRAPERY & STORES - Cont.

Table of Drapery and Stores stocks with columns for High/Low, Stock, Price, Div, and Yld.

ELECTRICALS

Table of Electricals stocks with columns for High/Low, Stock, Price, Div, and Yld.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics stocks with columns for High/Low, Stock, Price, Div, and Yld.

DRAPERY AND STORES

Table of Drapery and Stores stocks with columns for High/Low, Stock, Price, Div, and Yld.

BEERS, WINES & SPIRITS

Table of Beers, Wines, and Spirits stocks with columns for High/Low, Stock, Price, Div, and Yld.

BUILDING, TIMBER, ROADS

Table of Building, Timber, and Roads stocks with columns for High/Low, Stock, Price, Div, and Yld.

ENGINEERING

Table of Engineering stocks with columns for High/Low, Stock, Price, Div, and Yld.

ENGINEERING - Continued

Continuation of Engineering stocks table with columns for High/Low, Stock, Price, Div, and Yld.

INDUSTRIALS - Continued

Continuation of Industrials stocks table with columns for High/Low, Stock, Price, Div, and Yld.

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INDUSTRIALS - Continued. Table listing various industrial stocks with columns for stock name, price, and other financial metrics.

INSURANCES. Table listing insurance companies and their respective stock prices.

LEISURE. Table listing leisure-related stocks such as hotels and entertainment venues.

MOTORS, AIRCRAFT TRADES. Table listing stocks in the automotive and aviation sectors.

Commercial Vehicles. Table listing stocks related to commercial transport and vehicles.

NEWSPAPERS, PUBLISHERS. Table listing stocks of newspaper and publishing companies.

PAPER, PRINTING, ADVERTISING. Table listing stocks in the media and advertising industry.

PROPERTY - Continued. Table listing real estate and property-related stocks.

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INVESTMENT TRUSTS - Cont. Table listing investment trusts and their performance.

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FINANCE, LAND - Cont. Table listing financial and land-related stocks.

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MINES - Continued. Table listing mining stocks and their prices.

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MINES - Continued. Table listing mining stocks and their prices.

OVERSEAS TRADERS. Table listing international trading companies and their stock prices.

PLANTATIONS. Table listing plantation and agricultural stocks.

REGIONS AND IRISH STOCKS. Table listing regional and Irish market data.

NOTES. A section containing various financial notes, disclaimers, and market commentary.

LONDON STOCK EXCHANGE

Firmer trend in sterling boosts Gilts—equities steadier

Account Dealing Dates
Option
First Declared Last Account
Dealings Dates Day
June 30 July 10 July 11 July 21
July 14 July 24 July 25 Aug 4
July 28 Aug 7 Aug 8 Aug 18

The undertone in London financial markets remained distinctly cautious and leading shares did little more than mark time yesterday. Sterling benefited from fresh weakness in the dollar and this helped to impart a more confident trading session in Government securities, but failed to inspire equities.

Overshadowed by the two-day slide on Wall Street, plus chip industrialists were inclined easier at the outset. However, in the absence of sellers, prices began to edge higher after the first hour of the session.

A good recovery on Wall Street in the early dealings gave a boost to sentiment in domestic equities and the Financial Times Ordinary share index closed with a gain of 3.7 at 1206.8 after having recorded a fall of 0.6 at the 10 am calculation.

Unsettled initially by the board dispute, Guinness eased to 335p before recovering to close unaltered on balance at 330p. Elsewhere, the continuing lack of investment confidence was reflected in lackluster trading sessions.

Encouraged by a further improvement in the pound yesterday and the overnight rise in US bonds, Government securities continued the previous day's rally.

Chinese bonds reacted sharply to the absence of any debt settlement news, the per cent Baxer closing 13 lower at 27.

Lloyds Brokers firm
Lloyds Brokers continued to lead the way in insurance with Stewart Writson rising 15 more to 463p on continuing talk of a possible 57 per share bid from Citicorp of the US.

Harris Queensway up
Harris Queensway advanced 16 to 252p reflecting aggressive commercial bank failure in US history and for most of the session, prices remained at their overnight levels.

late support and closed 8 to the good at 550p; dealings in the shares commenced on the Traded Option market next week. Elsewhere, Standard Chartered rallied 7 to 792p following the announcement that Sir Yue-Kong Pao had indicated his stake in the company was to just under 15 per cent.

M6 Cash and Carry's debut on the Unlisted Securities Market proved slightly better than expected, originally offered for sale at 100p and with 71 per cent of the shares left with the sub-underwriters, the share price opened at 86p and ended the session at 90p.

Cider makers Z. P. Brimer eased 5 to 183p, after announcing preliminary profits at the lower end of market expectations.

Movements among leading buildings were generally modest. Nine Circle edged up 3 to 619p and Carlinor Heat Southern closed 4 higher at 599p, while Tarmac softened 4 to 470p.

ICL were a steady market and finished a shade dearer at 85p reflecting the early rally on Wall Street. Coalite continued to attract buyers on takeover hopes and gained 8 more to 306p, while Wardie Stores revived with an improvement of 8 to 338p.

Features were few and far between in the Engineering sector. Molins reflected revived demand in the oil market, rising 11 higher at 183p, while Bowden gained 7 at 103p following comment on the results.

Harris Queensway advanced 16 to 252p reflecting aggressive commercial bank failure in US history and for most of the session, prices remained at their overnight levels.

FRANCIAL TIMES STOCK INDICES
Table with columns for Date, 1986, and Stock Exchange Indices. Includes Government Secs, Fixed Interest, Ordinary, Gold Mines, Ord. Div. Yield, Earnings Yield, P/E Ratio, Total Returns, and Shares Traded.

profits slightly in excess of the forecast made at the time of the annual report for Woolworth. Other high street retailers continued to trade in subdued fashion and generally closed a shade firmer for choice.

Among other high street retailers, full-year figures on Monday, rallied a few pence to 175p, while asset injection hopes again buoyed Lanes, finally 7 up for the full year at 118 to 61p.

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"Take-profits" advice clipped a few pence from Authority Investments at 490p—10 below the partial tender offer from Berkeley House. In contrast, Suez-Facugan firm 10 to 115p following acquisition news; while asset injection hopes lifted NMC Investments a few pence to 130p.

Lasmo gain ground
The leading oils, under pressure over the past few months reflecting the slump in crude oil prices, staged a good advance. The movement was spearheaded by LASMO and BP following news that the jointly-owned Hudbay Oil had participated in an important oil discovery on Pedang Island, Indonesia.

Other firm spots in secondary oils included Sovereign Oil, 3 harder at 25p and Berkeley Exploration, a couple of pence better at 40p.

In a depressed market the Financial Road to around 19.5 cents and continuing concern over the possibility of a comprehensive package of economic sanctions against South Africa in the next few weeks prompted renewed weakness in the South African mining sector.

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EUROPEAN OPTIONS EXCHANGE
Table with columns for Series, Vol., Last, Bid, Ask, and Price.

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FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for Equity Groups & Sub-sections, Wednesday July 16 1986, and various financial metrics.

Table with columns for Fixed Interest, Average Yield, and various financial metrics.

Notes and footnotes regarding the indices and data sources.

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (38)
AMERICANS (1) Pacific Gas & Elec. BANKS (1) Equity & Gen. BUILDINGS (2) Overseas (M.) Victoria CHEMICALS (2) Anglo Siam STEEL (1) Eils & Goldring, Tip Top, Wickes, ELECTRIC (2) ASEA, 18 Berner & Fountain, SHERRING (4) Borex Exp. Cook (Wm) (SHERRING), SKF AF, (1) Home Counties, ALBERTS (1) INDUSTRIALS (7) Assoc Brit Eng Soc, COM. C. Red P, Burnetts Inv, Harris (P. Hanson), Time Tech, Thermo, Westwood Davis A. INSURANCE (2) Westwood (Pentagon) (1) GUTHRIE (1) ETOA (1) (PROPERTY) (5) Hovor Inv, Mountbatten, Priest, Regalpan, Uxbridge, Home Counties, News, (J.) TOBACCO (1) Robinson "B." TRUSTS (4) Graham House, Lowland

Table with columns for Base Lending Rates, Bank Name, and Rate.

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Notes and footnotes regarding the lending rates.

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TRADITIONAL OPTIONS

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Notes and footnotes regarding the traditional options.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Table with columns for Stock, Closing Day's Price Change, and various financial metrics.

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Notes and footnotes regarding yesterday's active stocks.

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Table with columns for Stock, No. of Shares, Buy's, and various financial metrics.

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Notes and footnotes regarding Tuesday's active stocks.

RISES AND FALLS YESTERDAY

Table with columns for Rise, Fall, Same, and various financial metrics.

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Notes and footnotes regarding rises and falls yesterday.

LONDON TRADED OPTIONS

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Notes and footnotes regarding London traded options.

WORLD STOCK MARKETS

Jeff is 110

Table of stock prices for various countries including Austria, Germany, Norway, Australia, Japan, Canada, and Singapore. Columns include country, date, price, and change.

Table of stock prices for Canada, Toronto, and Singapore. Columns include stock name, price, and change.

Table of stock prices for Montreal. Columns include stock name, price, and change.

OVER-THE-COUNTER Nasdaq national market, 2:30pm prices

Table of over-the-counter stock prices for various companies. Columns include stock name, price, and change.

Table of stock prices for New York, South Africa, and other markets. Columns include stock name, price, and change.

Table of stock prices for various international markets. Columns include market name, price, and change.

Table of stock prices for London. Columns include stock name, price, and change.

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BONN/COLOGNE/DUSSELDORF/ESCHBORN/FRANKFURT/HAMBURG/HESSISCHE BERGSTRASSE/HOECHST/MUNICH/OFFENBACH/RUESSELSHEIM/STUTTGART/VIENNA GERMANY & AUSTRIA

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Table of Chief price changes for London. Columns include stock name, price, and change.

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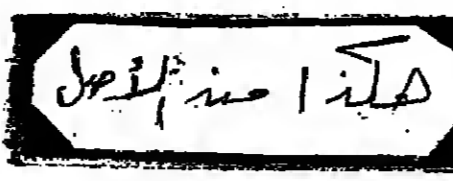
Prices at 3pm, July 16

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock symbols, prices, and changes. Includes sub-sections for 'D D D', 'E E E', 'F F F', and 'M M M'.

Continued on Page 35

NYSE COMPOSITE PRICES



AMEX COMPOSITE PRICES

Prices at 3pm, July 16

Continued from Page 34

Table of NYSE Composite Prices, columns include Stock, Price, Change, Volume, etc.

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OVER-THE-COUNTER

Nasdaq national market, 2:30pm prices

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Continued on Page 33

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Credible rally initiated

A CREDIBLE RALLY was initiated by bargain hunters on Wall Street yesterday as the corporate reporting season produced another batch of mixed results, writes Paul Hannon in New York.

Some of the initial enthusiasm was blunted by Federal Reserve data on the operating rate of US industry, which slipped to 78.3 per cent of capacity in June compared with 78.8 per cent in May and 79.4 per cent in April. The Fed attributed part of the fall to strikes in the aluminium, timber and telecommunications industries.

The bond market consolidated some of the early gains triggered by the industrial figures.

By 2pm, the Dow Jones industrial average was 13.78 up at 1,782.48.

Market Bellwether IBM enjoyed only brief stability before dropping a further \$1 to \$134 in active volume.

The corporate reporting season offered much to digest in the banks and high-technology sectors, while consumer stocks, particularly stores, drew steady support.

BankAmerica's second-quarter loss of \$640m was the latest feature in a mixed

batch of bank results. Heavy trading trimmed 5/8 off its share price to \$14. A firmer second-quarter result for US Bancorp boosted it by 3/4 to \$37, while Bankers Trust New York added 5/8 to \$45 on the strength of its higher figures.

Among computer issues, higher second-quarter results boosted Burroughs \$1 1/2 to \$67 and a strong earnings turnaround for Apple, traded on the over-the-counter market, produced a 5/8 advance to \$35 in heavy turnover.

Honeywell regained 3/4 to \$69 on bargain hunting and further consideration of recent results, while Sperry held unchanged at \$75 after Tuesday's reports that the group was considering a mass production pact with Hitachi.

Motorola, the semiconductor and communications group, was steady at \$34 1/2 in active trading while Hewlett-Packard, also active, added 5/8 to \$38.

Chesebrough-Pond's, the diversified health products to apparel group, announced a surge in second-quarter profits and quickly added 3/4 to \$49. A strong earnings report for Avon Products, the cosmetics manufacturer, had little impact, however, as it slipped 5/8 to \$33.

Litton Industries' admission of fraud on government defence contracts resulted in a 5/8 decline to \$75 while Tuesday's reported plunge in second-quarter profits for Northrop had little impact as the aerospace and defence group firmed 5/8 to \$45.

A gain of 5/8 to \$38 1/2 was managed for Hospital Corp of America, despite a fall in second-quarter figures.

AMR Corp, the holding company for American Airlines, added 5/8 to \$48 1/2

despite revealing poor second-quarter results. UAL, which expected to see a pick-up in demand this summer for its airline, hotel and car rental interests, added 5/8 to \$49, while TWA slipped 5/8 to \$14. Pan Am also edged lower with its 5/8 dip to \$6. People Express, the troubled discount carrier, picked up 5/8 to \$5 1/2 in heavy trading.

Trading was suspended for most of the morning in Associated Dry Goods and May Department Stores before their merger announcement. Associated resumed trading with a 3/4 fall to \$59 1/2 while May was \$3 lower at \$71 1/2.

Among other stores, Federated Department Stores picked up \$1 to \$80 while Wal-Mart, the regional discount chain, jumped 5/8 to \$47 in heavy trading.

Chrysler was most active among the car makers and showed an early 5/8 gain to \$34 1/2, while Ford added 5/8 to \$53. PepsiCo rose 5/8 in heavy early trading to \$30 1/2, while Coca-Cola jumped 1/4 to \$41 1/2, also in large volume.

Other features of the session included very active trading in New York State Gas & Electricity, which held unchanged at \$35 1/2.

On the American Stock Exchange, Wang slipped 5/8 to \$12 1/2 in early active trading, while Wickes was unchanged at \$3. The bond market was mixed with the price of the key treasury long bond, the 7 1/2 due in 2018, down 1/8 to 101 1/2 to yield 7.11 per cent.

The 10-year issue, 7 1/2 due in 1996, showed an early rise of 1/8 to 101 1/2 taking its yield of 7.10 per cent below that of the long bond. Fed funds opened at 8 1/2, at which level the Federal Reserve announced later in the morning overnight system repurchase agreements. The funds rate later dipped to 8 1/4.

Rates on treasury bills were little changed with the three-month issue up one basis point to 5.78 per cent and the six-month issue steady at its overnight level of 5.81 per cent. The one-year Treasury bill was also unchanged at 5.83 per cent.

EUROPE

Disquiet on dollar continues

A FURTHER FALL in the dollar caused continued disquiet in Frankfurt, where the Commerzbank index plunged to its lowest level this year.

Export-oriented stocks suffered again as foreign investors sold their holdings and buying by some domestic institutions was insufficient to reverse the trend.

The Commerzbank index, calculated at mid-session, dropped 30.8 to 1,814.7 after falling 30.3 in the previous session.

In a bulletin released yesterday, the Deutsche Bank said that the West German economy was well equipped to cope with a lower dollar but that a further fall could bring increased risk for the economy.

Cars and banks continued to be hammered. VW fell DM 17.50 to DM 448, BMW shed DM 12 to DM 558. Porsche DM 5 to DM 970 and Daimler DM 37.50 to DM 1,269. Tyre-maker Conti-Gummi bucked the trend, however, rising DM 7 to DM 286.

Dresdner led banks lower, dropping DM 14.50 to DM 381, while Deutsche gave up DM 11.50 to DM 738 and at DM 283 Commerzbank lost DM 8.70.

In chemical issues, Bayer lost DM 11.50 to DM 287, Hoechst was DM 10 lower at DM 246.50, while pharmaceutical group Schering, which sold its US Neperu unit as part of a divestment in its fine chemicals division, ended DM 20.50 down at DM 528.

Speculation that the dollar might drop to below DM 2 this year sparked activity in the bond market, pushing prices up as much as 85 basis points. Foreigners were particularly active.

The Bundesbank sold a hefty DM 104.4m worth of paper after selling DM 67.5m in the previous session.

Paris gathered steam and many issues recovered the ground lost in Tuesday's trading. Investors cited the fact that recent political tension seems to have been defused.

Among gainers, Moët-Hennessy regained Tuesday's FFf 40 fall to end FFf 95 higher at FFf 2,220. Alcatel put on FFf 80 to FFf 2,300 and BSN added FFf 85 to FFf 3,945.

American trading was featureless and prices slipped further.

Fokker, apparently unaffected by a newspaper article on the company's US expansion plans, slipped FFf 2.30 to FFf 91.30.

Royal Dutch softened 20 cents to FFf 188.70 as investors remained optimistic about the company's ability to ride out the slump in oil prices and among other internationalists, Akzo dropped FFf 1.50 to FFf 161.80.

Banks were assisted by the round of Dutch interest rate cuts over the past week and ended unchanged to higher. ABN was steady at FFf 604 after trading down FFf 2 during the day, while Amro put on 50 cents to FFf 109.

Bond prices were mostly unchanged. Milan was flat to lower, dampened by the end of July position squaring. Institutions continued to purchase FFf



at, lifting it to L12,300, a rise of L145.

Banks were mostly mixed with BNA up L30 at L5,140 and Mediobanca L1,050 lower at L214,950.

Zurich was sharply lower on profit-taking and banks sagged under continued selling pressure. Brussels turned downwards on further Wall Street falls and the closure of the two-week cycle of the forward market.

Both Stockholm and Madrid were also lower.

TOKYO

Combination of factors a dampener

STRENGTHENED margin trading regulations, the yen's advance to a new high and Wall Street's steep decline all combined to dampen the Tokyo market yesterday, writes Shigeo Nishiwaki of Jiji Press.

But both institutional and individual investors remained relatively calm and there was no massive panic selling, analysts said.

The Nikkei average fell 181.90 - the first drop in four sessions - to 17,700.90 on volume which shrank from Tuesday's 1,165bn shares to 733.01m shares. Losses outpaced gains 637 to 287, with 89 issues unchanged.

Leading brokerage houses said a correction in prices was natural after the rapid advance in the previous sessions.

Trading in steels and other low-priced large-capital stocks dropped as institutional investors avoided them. Nippon Steel remained at the top of the active list, but its volume nose-dived from

Tuesday's 157.78m shares to only 50.95m or one-third, with the price decreasing Y5 to Y193.

Trading in Kawasaki Steel, the third busiest issue, fell from 143.36m shares to a mere 28.57m. It lost Y5 to Y200.

Nippon Kokan closed Y4 lower at Y219 and Ishikawajima-Harima Heavy Industries lost Y15 to Y336.

Blue chips lost ground on a wide front with investors discouraged by the yen's rise and the deteriorated business performance of IBM. NEC went down Y30 to Y1,330, Hitachi Y9 to Y803 and Toshiba Y18 to Y445. Selling was in small lots as shown by Hitachi's low volume of 2.46m shares.

Investors shifted their attention to high-priced stocks for capital gains. Computer Services soared Y280 to Y9,750, but trading was small at only 298,000 shares. Secora advanced Y190 to Y9,440, while KDD and Toho spurred Y900 to Y32,000 and Y800 to Y24,000, respectively.

Among speculator favourites, Keisei Electric Railway continued to gain, adding Y34 to Y830 on the fourth largest trading of 28.28m shares, reflecting its off-the-book assets and redevelopment projects along its track.

Sanruku drew popularity in the wake of reports that Yale University in the US had confirmed that an antibiotic developed by the company is effective in normalising cancerous cells. The distiller leaped Y64 to Y900. Kuraray and Kyowa Hakkō also jumped Y50 each to Y1,980 and Y1,820.

Bond prices closed lower after opening firm. The yield on the benchmark 6.2 per cent government bond maturing in July 1995 dropped to 6.715 per cent from Tuesday's 6.740 per cent, but then rose to 6.755 per cent under selling pressure. With financial institutions apparently poised to unload bonds heavily as soon as the yield slips below 6.700 per cent, investors could not continue buying actively, analysts observed.

Only the dealing sections of banks and securities houses participated in the market with institutional investors sitting on the sidelines.

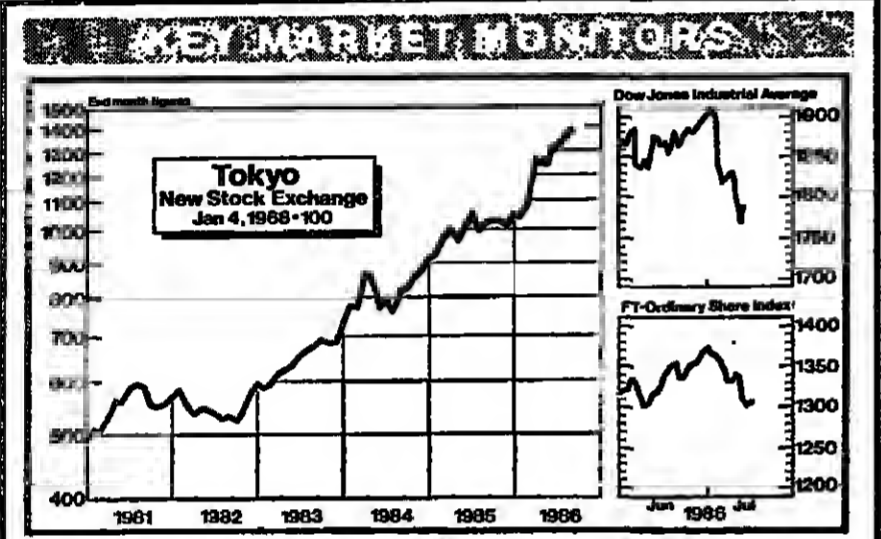
HONG KONG

THE ABSENCE of fresh factors kept sentiment mixed in Hong Kong and prices ended slightly easier. The Hang Seng index fell 0.75 to 1,763.38.

Brokers attributed the mixed sentiment to the fact that there was no follow through buying after Tuesday's sharp rebound and that selling pressure had subsided because a Middle East institutional investor, who had recently been selling heavily, was no longer in the market.

Utilities were mostly higher with China Gas rising 10 cents to HK\$16.50 amid renewed takeover speculation.

China Light was 20 cents higher at HK\$15.40, HK Telephone 10 at HK\$11.9 and HK Electric down 5 cents at HK\$8.85. HK Land lost 5 cents to HK\$6.00.



STOCK MARKET INDICES			
	July 16	Previous	Year ago
NEW YORK			
DJ Industrials	1,782.48*	1,768.70	1,347.89
DJ Transport	727.38*	721.75	700.14
DJ Utilities	201.14*	200.81	168.24
S&P Composite	235.89*	233.65	194.72
LONDON			
FT Ord	1,306.3	1,302.6	933.6
FT-SE 100	1,597.3	1,593.0	1,239.5
FT-A All-share	791.95	790.83	600.90
FT-A 500	867.89	866.26	544.07
FT Gold mines	188.5	190.3	410.8
FT-A Long gilt	9.50	9.57	10.24
TOKYO			
Nikkei	17,700.90	17,882.80	12,698.3
Tokyo SE	1,376.30	1,390.58	1,031.8
AUSTRALIA			
All Ord	1,127.0	1,122.2	902.5
Metals & Mins.	494.5	493.2	503.5
AUSTRIA			
Credit Aktien	238.11	239.10	95.61
BELGIUM			
Belgian SE	3,658.04	3,697.65	2,296.45
CANADA			
Toronto			
Metals & Mins	1,975.2	1,967.3	1,923
Composite	2,965.9	2,977.3	2,775.7
Montreal			
Portfolio	1,497.51	1,490.69	138.66
DENMARK			
SE	203.44	204.48	210.77
FRANCE			
CAC Gen	368.30	364.80	218.9
Ind. Tendance	141.00	140.10	81.1
WEST GERMANY			
FAZ Aktien	594.32	611.29	469.79
Commerzbank	1,789.70	1,845.50	1,379.0
HONG KONG			
Hang Seng	1,763.38	1,764.13	1,632.99
ITALY			
Banca Comm.	654.37	656.60	353.52
NETHERLANDS			
ANP-CBS Gen	288.50	290.30	215.1
ANP-CBS Ind	288.80	290.60	181.9
NORWAY			
Oslo SE	350.12	360.69	334.26
SINGAPORE			
Straits Times	734.18	792.64	722.60
SOUTH AFRICA			
JSE Golds	-	1,270.3	950.1
JSE Industrials	-	1,194.7	1,036.8
SPAIN			
Madrid SE	171.18	171.69	81.57
SWEDEN			
J & P	2,467.27	2,485.93	1,312.53
SWITZERLAND			
Swiss Bank Ind	527.60	540.80	451.7
WORLD			
MS Capital Int'l	319.9	321.8	221.5
COMMODITIES			
(London)			
Silver (spot frang)	336.10p	336.55p	
Copper (cash)	£282.50	£284.50	
Coffee (September)	£1,891.50	£1,909.00	
Oil (Brent blend)	\$9.65	\$9.55	
GOLD (per ounce)			
(London)			
July 16	\$347.25	\$346.75	
Zürich	\$347.70	\$346.20	
Paris (frang)	\$349.66	\$347.49	
Luxembourg	\$348.70	\$345.95	
New York (Aug)	\$348.90	\$349.10	

LONDON

CAUTION SET the tone again in London yesterday and leading shares did little more than mark time. The FT Ordinary share index closed with a gain of 3.7 at 1,306.3, while the more broadly-based FT-SE 100 share index ended 4.3 higher at 1,597.3. Improvement in Sterling against the Dollar helped investor confidence in gilts but failed to inspire equities.

Blue-chip industrials, overshadowed by Wall Street's two-day slide, began easier but in the absence of buyers began to edge up later. A good recovery on Wall Street in the early dealings gave a boost to sentiment in domestic equities.

Guinness, unsettled initially by the board dispute, eased to 325p before ending at 330p.

Gilts were also encouraged by the overnight rise in US bonds and continued the previous day's rally.

Chief price changes, Page 33; Details, Page 32; Share information service, Pages 30-31.

AUSTRALIA

BARGAIN-HUNTING and the strength of BHP were largely responsible for prices in Sydney closing firmer. The All Ordinaries index ended 4.8 higher at 1,127.0.

BHP ended 20 cents higher at A\$8.20 on turnover of 920,000 shares, which included a special sale of 235,000 shares at A\$8.28 by a Sydney-based broker.

Brokers said the impact on industrials of the fall in the Dow Jones and bearish signals from London were offset by a firmer dollar and a shortage of scrip among blue chip leaders.

SOUTH AFRICA

UNCERTAINTY among investors led gold shares to close mixed in Johannesburg despite the firmer gold price, as the financial rand declined to a new low against the dollar.

Vaal Reef closed closed R2 higher at R243 on late demand, but Driefontein held steady at R55.

Platinum was also mixed, with Impala up 25 cents at R40.25 and Rustenburg 15 cents softer at R41.10.

Industrials closed firmer. Chemicals group AECI added 25 cents to R11.75 and SA Breweries rose 4 cents to R12.

SINGAPORE

PROFIT-TAKING alternated with sporadic buying in quiet Singapore activity that saw the market close on a mixed note with the Straits Times industrial index 1.54 higher at 734.18.

Brokers reported that the absence of fresh factors was prompting some nervous investors to sell but most operators stayed on the sidelines amid continued uncertainties over the market's mid-term direction. The imminent Malaysian general elections also added to investor nervousness.

SIA lead the actives and gained 5 cents to S\$7.30.


CANADA

A MODEST RECOVERY on Wall Street failed to enthuse Toronto, where prices remained mixed in active trading.

Industrial and metal and mine issues showed some strength while oils were little changed.

Active industrials followed generally mixed trading. Canadian Pacific firmed 3 1/2 to trade at C\$17 1/2.

Bank shares showed little direction as analysts forecast a cut in the central bank rate at today's weekly setting. Montreal was higher.



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